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Algeria... 6.00 Dhs.  
Argentina... 2.00 Ps.  
Australia... 1.00 A.  
Austria... 1.00 S.  
Belgium... 2.00 B.  
Brazil... 2.00 R.  
Canada... 2.00 C.  
Czechoslovakia... 2.00 K.  
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Egypt... 2.00 L.  
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Italy... 2.00 L.  
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U.K. & Ireland... 2.00 S.  
USSR... 2.00 R.  
Yugoslavia... 2.00 D.



Officers pushed back students who crossed police lines Thursday at Tiananmen Square.

## Protesters In Beijing Test Limit Break Through Police Lines in Capital Square

By Daniel Southerland  
Washington Post Service  
BEIJING — Despite a threat of severe punishment from the authorities, student-led demonstrators brought their demands for democracy Thursday to the heart of the Chinese capital for the first time.



Amee Dorbecker, 14, left, and her mother, Kim, heading for a meeting Thursday with officials across from the Dupont Plaza Hotel. The Dorbeckers, of Amarillo, Texas, jumped from their fourth-floor hotel room to escape.

## At Least 43 Die As Fire Sweeps San Juan Hotel

SAN JUAN, Puerto Rico — A fire preceded by explosions raged through four floors and the casino of the luxury Dupont Plaza Hotel, which was packed with New Year's vacationers. Officials said that at least 43 persons were killed, and several officials said the fire may have been caused by arson related to labor problems.

Some officials suggested that the death toll might rise as high as 100. Health Undersecretary Emilio Davila said that 104 people were injured in the blaze, 23 of them critically. A casualty list was not immediately available.

The 21-story, 450-room Dupont Plaza, formerly called the Sheraton Hotel, is one of the largest tourist hotels in Puerto Rico and is located along a beach in the main Condado tourist section. The hotel is now owned by Hotel Systems International, a chain based in Anaheim, California, and was fully booked at the time of the fire.

Guests jumped from windows and used sheets to escape the flames. More than 100 people were rescued from the hotel roof and balconies by helicopters.

Kevin W. Condon, of Ansonia, Conn., said he was playing blackjack in the hotel casino, where most victims apparently died, when someone said there was smoke. "But nobody paid any attention," he said, "and we continued playing."

"Then there was a big burst of smoke and we went running toward one of the exits," Mr. Condon continued. "When someone opened the door, we saw that the whole hallway was covered with black smoke. We slammed the door, went running toward the other exit and that was filled with black smoke. Then the panic began."

He said he broke a window with a chair and jumped from the mezzanine level to the ground, breaking his left leg. He said later at Pavia Hospital that there had been 70 people in the casino and he had seen two others escape out the window. "But I don't think anybody else got out of there," he said.

Justice Secretary Hector Rivera Cruz said the bodies of 43 persons had been found in a search of the hotel.

But Heriberto López, president of the General Foreman's Union, said, "I estimate there are 80 dead," and Heriberto Acevedo, the commonwealth's civil defense director, said that as many as 100 people were killed.

Police Superintendent Carlos López said, "We're still investigating the cause and it's too early to say what it was."

Fire Chief Francisco Ortiz Solo said that witnesses had reported that three explosions preceded the fire.

[Spanish national radio reported Thursday that four bombs placed in separate parts of the hotel had caused the fire, Agence France Presse reported. The radio quoted the Spanish consul general in San Juan, Juan Los Arcos, who had said, but it has yet to be found by congressional investigators.

## LATE NEWS Niger Head Sees Doctors in Paris

PARIS (AP) — President Seyni Kountché of Niger, 56, arrived in Paris on Thursday for a medical examination after reportedly suffering a minor stroke.

Mr. Kountché walked down the steps unaided from the airplane that brought him from Niamey via Algiers. Medical sources in Niamey said that he suffered a minor stroke Wednesday and was treated in a hospital there before leaving for Paris, where he was to be examined in LaPitié-Salpêtrière Hospital.

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## Trade Deficit in U.S. Widens to a Record

By Robert D. Hershey Jr.  
New York Times Service  
WASHINGTON — The U.S. merchandise-trade deficit soared to a record \$19.2 billion in November from \$12.06 billion in October, a startling setback following three months of improvement, the Commerce Department reported.

The department also revised October's trade deficit upward to \$14.7 billion, but cautioned against comparing revised and unrevised monthly deficit figures.

The gloomy figures put the United States on track for an estimated 1986 trade deficit of \$173.6 billion, which would be \$25 billion more than 1985's record shortfall.

Special factors — including a small fee imposed Dec. 1 on most imported goods and rising calls for protectionist legislation — were responsible for a significant part of the deterioration, at least according to the Commerce Department's top economist, termed "extraordinary."

## Protesters In Beijing Test Limit Break Through Police Lines in Capital Square

BEIJING — Despite a threat of severe punishment from the authorities, student-led demonstrators brought their demands for democracy Thursday to the heart of the Chinese capital for the first time.

The students participated in two separate demonstrations. The first, in Tiananmen Square in the heart of the city, was strongly resisted by the police, who detained several of the approximately 2,000 protesters taking part.

Later Thursday night, a crowd of students estimated at up to 5,000 gathered at Beijing University in the city's northwestern suburb. Several thousand students marched toward the center of the city, demanding the release of students who had been detained earlier.

The government yielded to the students' demand within a few hours, and most of the marchers then dispersed.

## \$2 Million Missing In Iran Arms Deal

By Walter Pincus  
Washington Post Service  
WASHINGTON — Congressional investigators have been unable to locate about \$2 million of the \$4 million paid by Iran in late October for the last shipment of U.S. arms that were delivered just before the release of an American hostage.

The \$4 million was deposited by an unidentified Iranian contact in late October in a Swiss bank account set up by Tehran. One payment of \$2,037,000 was made into a Swiss account controlled by the Central Intelligence Agency before 500 TOW anti-tank missiles were shipped from Israel to Iran on Oct. 31, the sources said Wednesday.

After the shipment, the remainder of the money reportedly went into another account, the sources said, but it has yet to be found by congressional investigators.

Another congressional source familiar with the transaction said the funds may have been earmarked — with other "profits" from earlier 1986 U.S. arms sales to Iran — to pay expenses run up on behalf of the U.S.-backed Nicaraguan rebels.

Although Attorney General Edwin Meese 3d estimated that \$10 million to \$30 million could have been diverted to support the contras, congressional sources say that they think the figure will end up at between \$4 million and \$8 million.

In their preliminary seven-week inquiries into the affair, the House and Senate intelligence panels were unable to trace the Swiss bank transactions associated with the arms sales. They could not determine how much money was diverted to support the contras.

Those identified as being involved in the Iran-contra operation are Lieutenant Colonel Oliver L. North, who was dismissed from the National Security Council staff after details of the funds diversion were discovered, retired Major General Richard V. Secord and retired Colonel Robert C. Dutton, an employee of General Secord's company.

All three have refused to testify before congressional committees on their activities, citing their constitutional rights.

John Paul's announcement came as the Roman Catholic Church observed its World Day of Peace and as the pope issued a special appeal to kidnappers to free their victims and allow them to return to their families.

## Shiite Moslem Group Kills 3 Lebanese Jews

BEIRUT — A Shiite Moslem group said it executed three Lebanese Jews because they had spied for Israel and warned that it would kill more unless its demands were met.

A statement issued by the Organization of the Oppressed in the World and delivered late Tuesday to the independent An-Nahar newspaper said: "We announce the execution of three spies for the Israeli Mossad," the country's intelligence service.

It named the three as Youssif Ben Seti, Elie Srouf and Henry Min but did not say when or where the killings took place. The statement was accompanied by black-and-white photographs of the three. They were shown alive but appearing drawn and haggard.

The group claimed it kidnapped Mr. Ben Seti in February 1986 and Mr. Srouf in March. The circumstances of Mr. Min's disappearance were not known.



Auburn, Ohio State Win New Year's Day Bowl Games

Chip Powell intercepts a Southern California pass during Auburn's 16-7 victory in the Citrus Bowl in Orlando, Florida. In the Cotton Bowl in Dallas, Ohio State beat Texas A&M, 28-12. Page 15.

## In Moscow, a Rare Holiday Cornucopia

By Bill Keller  
New York Times Service  
MOSCOW — Last weekend a small fleet of trucks pulled into Moscow and unloaded an eye-popping cornucopia at the city's winter-bare markets: fat black geese, ripe persimmons and pomegranates, watermelons and mandarins, smoked chicken and fish.

At subway stops around the city, farmers from Georgia, Kirghizia and Uzbekistan peddled exotic pastries for the New Year celebration, or passed steaming skewers of shashlik into the gloved hands of Muscovites.

"Lord," muttered a wide-eyed woman surveying an extraordinary array of sausages at the Central Farmers' Market on Tsvetnoi Boulevard. Nearby, a saleswoman battered apart blocks of frozen geese with an ax.

## Pope Announces '87 Celebration

By Roberto Suro  
New York Times Service  
ROME — Pope John Paul II Thursday proclaimed a special year dedicated to the Virgin Mary that will be observed by Catholics worldwide.

In a homily in a New Year's Day Mass at St. Peter's Basilica, the pope announced that beginning in June a Marian year, the first since 1953-54, would be celebrated as a way of preparing for the beginning of the third millennium of Christianity in the year 2000.

A range of devotional and educational activities devoted to the Virgin will be conducted in all Catholic dioceses from June 7, the feast of the Pentecost, until Aug. 15, the feast of the Assumption of Mary.

John Paul's announcement came as the Roman Catholic Church observed its World Day of Peace and as the pope issued a special appeal to kidnappers to free their victims and allow them to return to their families.

## For Catholics, a Year Devoted to Mary

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Pope John Paul II in St. Peter's Square on Thursday.

## Kabul Offers Cease-Fire, But Guerrillas Reject It

ISLAMABAD, Pakistan — The Soviet-backed Afghan government announced Thursday a cease-fire beginning on Jan. 15 in the seven-year war with Moslem guerrillas, but the offer was immediately rejected by the main Pakistan-based guerrilla alliance.

The cease-fire was announced in a speech by the Afghan leader, Major General Najibullah, to a Central Committee meeting of the ruling Communist Party. Parts of the speech were broadcast Thursday night by the official Kabul Radio.

The radio, which did not say when the meeting was held, quoted General Najibullah as saying that the cease-fire would be temporary but could be made permanent by national reconciliation.



## In 1987 Greetings To Moscow, Reagan Is Upbeat on Arms

By Bernard Weinraub  
New York Times Service

PALM SPRINGS, California — President Ronald Reagan, in a New Year's message to the Soviet Union, has said that the two countries are "closer now than ever before" to an agreement to reduce nuclear arsenals.

In a 10-minute radio broadcast, which the Voice of America transmitted to Eastern Europe on Wednesday, Mr. Reagan said that the United States and the Soviet Union had taken major steps toward permanent peace in 1986.

The upbeat comment offered a different assessment of Soviet-American relations than one given in Moscow. On Tuesday, a spokesman for the Soviet Foreign Ministry rejected a proposal that Mr. Reagan and Mikhail S. Gorbachev exchange New Year's greetings over television, as they did last New Year's Day.

The spokesman said such an exchange would be inappropriate in view of what he described as the low state of relations and a deadlock in arms control talks.

After the Soviet rejection, the White House decided to transmit Mr. Reagan's message by radio.

Mr. Reagan said that his talks in Iceland with Mr. Gorbachev on Oct. 12-13 had yielded positive results despite their collapse over limitation of space-based missile defenses.

In contrast, Mr. Gorbachev, in answers people delivered to Joseph Kingsbury-Smith, national editor of the Hearst Newspapers, expressed disappointment over arms control.

Mr. Gorbachev said: "People in Washington should finally decide in utter clarity what they want: a runaway arms race or a reduction and elimination of weapons."

Mr. Reagan said of the Reykjavik talks:

"We did move things a good distance forward. On many issues, we made more progress in those two days than our diplomats made in the last two years. Yes, a great deal of work remains, but both sides are closer now than ever before."

Mr. Reagan did not mention two issues that, according to Soviet spokesmen, have chilled relations. One was Mr. Reagan's decision to stop adhering informally to the provisions of the unratified strategic arms limitation treaty of 1979. The other was his refusal to halt nuclear weapon testing.

In his message, Mr. Reagan seemed to praise Moscow for its decision to end the exile of Andrei D. Sakharov, the nuclear physicist and human rights advocate.

"Whenever there is a restoration of those rights to a man or a woman, as has happened recently," Mr. Reagan said, "it helps strengthen the foundations for trust and cooperation between our two countries. And by the same token, whenever those rights are denied, the foundation is seriously weakened. As we welcome progress in this area, as much as we welcome it in the effort to secure nuclear arms reduction."

**■ Gorbachev Comments**

Celestine Bohlen of The Washington Post reported from Moscow:

Mr. Gorbachev held out hope for progress on arms control, saying that Soviet negotiators at the Geneva talks would seek a breakthrough "still more vigorously" in 1987.

In a brief, written interview with Mr. Kingsbury-Smith, issued Wednesday by the Soviet press agency Tass, he indicated that the Kremlin had not ruled out an arms agreement during the last two years of the Reagan administration.

Soviet officials and Western analysts have suggested in the last month that the Soviets might still the arms talks in Geneva while awaiting a new U.S. administration in 1989.

On Wednesday, Mr. Gorbachev stressed that the Soviet Union, while "deeply" disappointed by the Reagan administration's stance, was still eager for "real talks" on nuclear weapons reductions. "We pressed for this in Reykjavik and we shall press for it still more vigorously in 1987," he said. "I am convinced that a radical turn in the talks would meet the vital interests of the American people as well."

Specifically, Mr. Gorbachev cited Soviet willingness to negotiate an accord with the United States defining "allowed laboratory research" under the terms of the 1972 Antiballistic Missile Treaty. Disagreement over the extent of research and development activity permitted in Mr. Reagan's Strategic Defense Initiative was one of the key arguments that dominated the Reykjavik meeting.

Mr. Gorbachev was answering three questions put to him by Mr. Kingsbury-Smith, who has had several interviews with every Soviet leader since Stalin.

Mr. Gorbachev's answers stressed the theme of the "interdependence" of the two superpowers. "Security nowadays is conceivable as a mutual one, to be more exact, a universal one," he said.

Most of the short interview was devoted to arms control, on which Mr. Gorbachev said the "ball is in Washington's side of the court." He said the U.S. stand on arms control after the Iceland talks had been "deeply" disappointing and that in Geneva, negotiations had "even moved backward."

**■ Moscow Relays Excerpts**

Mr. Reagan's address to the Soviet people on the Voice of America was heavily jammed, the U.S. Embassy in Moscow said Thursday, but the official Moscow Radio later broadcast an edited report of it, Reuters reported.

The address, which stressed the importance of human rights, was broadcast in full on VOA on Wednesday.

The seven-minute Moscow Radio report ran as the eighth item on only one morning news bulletin Thursday.

It included several directly translated excerpts and some of Mr. Reagan's remarks on human rights but omitted, among other things, his comment that not a single American soldier was currently engaged in combat and his expression of regret that an official exchange of New Year messages was not possible.



Yitzhak Peretz announcing his resignation to the Knesset. At right is Israel's parliamentary speaker, Shlomo Hillel.

## Scientists Break Barrier For Superconductivity

By Walter Sullivan  
New York Times Service

NEW YORK — After a dozen years of futile efforts to raise the temperature at which materials become superconducting, researchers at the University of Houston and AT&T Bell Laboratories in New Jersey have achieved sudden and substantial success.

The ability to achieve superconductivity at a higher temperature is important because it could radically reduce the cost of producing superconductive materials.

The discovery has vast implications for such diverse fields as electrical transmission and generation, energy storage and the generation of fusion energy. It also means that superconductivity, in which materials lose all resistance to electricity, can be more widely applied in scientific research.

In the early 1970s, researchers at Bell Laboratories and Westinghouse found substances that became superconducting when cooled to 23 degrees Kelvin, which is 23 degrees above absolute zero.

Absolute zero, the total absence of heat, occurs at minus 273 degrees centigrade (460 degrees below zero Fahrenheit).

By 1984, scientists working with a niobium-germanium alloy had raised this by only one degree.

On Tuesday, Dr. Paul C.W. Chu at the University of Houston reported that under a high pressure of a few hundred thousand pounds per square inch (6.4 square centimeters), a compound of lanthanum, barium, copper and oxygen becomes superconducting at 40.2 degrees Kelvin.

Dr. Chu said at a news conference that his work might yield breakthroughs in which superconductivity could be achieved at 50 degrees Kelvin in the near future and possibly as high as 77 degrees.

AT&T Bell Laboratories, following a similar line of research, reported Tuesday it had produced an alloy that at normal pressure begins its transition to superconductivity at 40 degrees Kelvin and be-

comes fully superconducting when cooled to 36 degrees.

Participants in that project, who were reluctant to provide details before applying for a patent, said the advantage to their approach was that high pressure was not necessary.

The developments follow a discovery reported in April by researchers at the IBM Zurich Research Laboratory in Switzerland.

Using a combination of copper, oxygen, barium and lanthanum, the researchers achieved superconductivity at 30 degrees Kelvin.

The reports from Bell Labs and Houston are to be published simultaneously in a forthcoming issue of Physical Review Letters.

Until now, liquid helium with a boiling point of 4 degrees Kelvin has been the only coolant found capable of keeping the materials at their superconducting state.

Materials that are superconducting at higher temperatures would allow the use of less expensive liquid hydrogen. If a temperature of 77 degrees Kelvin is reached, inexpensive liquid nitrogen could be used, dramatically lowering costs.

"At that point," Dr. Chu said, "superconducting technology would no longer be restricted to some so-called high-technology, exotic, expensive technology. We can also use it for large-scale applications."

The production of superconductors is a major industry, and more than 1,000 metals, alloys and exotic organic compounds have been found to become superconducting.

Most of them do so only at temperatures so low that they must be produced using liquid helium, which requires an elaborate technology.

The newly reported substances can be cooled by liquid hydrogen, which is technologically less demanding, and they are therefore more widely applicable.

According to an analysis published in Naval Research Reviews before the new materials were developed, the federal government spends more than \$15 million annually on research into superconductivity, with one-third of the money coming from the navy.

The analysis predicted a commercial superconductivity market ranging from \$3 billion to \$9 billion by 1990 and from \$11 billion to \$36 billion by the year 2000.

Superconductivity is already being applied in magnetically levitating the world's fastest trains, in the gigantic magnets used to harness the fusion reactions of the sun and in medical diagnosis through nuclear resonance.

It figures in designs for ship propulsion plants and in devices for computers, ultra-high-speed signal processing and data recording that use minimum power.

If used in electrical transmission lines, Dr. Chu said, the technology could save billions of dollars. Superconductive materials could eliminate enough of the loss of energy to make it more feasible to transmit power from the original energy source, such as a coal field, far from populated areas.

## Official Quits In Israel Over Court Ruling

New York Times Service

JERUSALEM — Interior Minister Yitzhak Peretz has submitted his resignation to protest an Israeli Supreme Court ruling ordering him to list in the population registry an American immigrant who underwent a Reform conversion as a Jew.

The resignation of Rabbi Peretz, of the Shas party, will go into effect Tuesday at the earliest, the Israeli radio said.

Meanwhile, political efforts were being made to persuade Rabbi Peretz to reverse his decision, even though his absence will not threaten the future of the national unity government. The small Shas party, made up predominantly of orthodox Sephardic Jews, is not a crucial partner in the coalition.

"The High Court of Justice demanded that I list a non-Jew as a Jew," Rabbi Peretz told the radio. "As a Jew and a rabbi loyal to the tradition and Bible of Israel, I have declared and declare again that my hand will never, ever sign for a fraudulent conversion that was not conducted according to the Halakha."

Halakha is the code of Jewish law. The American immigrant, Shoshana Miller, was converted by a Reform rabbi in Colorado Springs before she came to live in Israel.

When Ms. Miller immigrated and applied for identity papers, Rabbi Peretz agreed to list her as Jewish, but added alongside her religion the word "converted."

The Israeli Supreme Court ruled Dec. 2 that the additional word was illegal and that Rabbi Peretz must resist Ms. Miller merely as a Jew.

## IRAN: Funds Missing

(Continued from Page 1)

stitutional right against self-incrimination.

Colonel North and General Secord controlled two Swiss bank accounts that have been linked to the Iran arms sales. The accounts have been frozen by the Swiss government under U.S. request.

Meanwhile, congressional sources said Wednesday that the first public hearings on the Iran-contra affair by two, new select House and Senate investigating committees may take place as early as February.

The two chairmen, Senator Daniel K. Inouye, Democrat of Hawaii, and Representative Lee H. Hamilton, Democrat of Indiana, plan to obtain authorization and funding early next week. The rest of January is expected to be used to set up staffs and begin detailed probes into various elements of the affair.

Information developed by the Senate and House intelligence committees will provide the basis for initial hearings, the sources said.

The staff of the Senate Select Committee on Intelligence has completed a detailed chronology of events and plans to circulate it among members so they may determine whether it should be sent to the House administration to be declassified for publication.

The House Armed Services Committee, which has been looking into the transfer of Pentagon material to the Central Intelligence Agency for shipment to Iran, is also close to winding up its brief inquiry. Chairman Les Aspin, Democrat of Wisconsin, plans to publish a report on the panel's findings.

**■ Swiss Plan More Steps**

Swiss authorities have said that they would take further steps early in the new year to freeze accounts controlled by Colonel North and others involved in the covert arms sales to Iran. The New York Times reported from Geneva.

They said Tuesday that they would simultaneously lift banking secrecy regulations covering the accounts.

Study of the records is crucial to U.S. Justice Department investigators to determine whether proceeds from the arms sales were funneled to Nicaraguan rebels, and if so, how much.

Officials of the Swiss Ministry of Justice and Police in Bern said they received a French translation of a formal request made just before Christmas by the U.S. Justice Department seeking Swiss government help in blocking the accounts.

Fifteen minutes later, the police began to disperse the students, but the crowd began swelling and the students who were pressed into one small section of the square began trying to move outward.

At 10:40 A.M., several hundred of them broke through police lines and surged toward the Monument to the People's Heroes. The police then forced the demonstrators to the east side of the square onto the Avenue of Eternal Peace.

Demonstrators unfurled banners for the first time. One banner called for opposition to "conservatives" in the government, a reference to senior government officials and Communist Party members who are believed to oppose the economic reforms introduced by China's top leader, Deng Xiaoping.

Another banner urged support for Mr. Deng and for his modernization program.

Some demonstrators began chanting in favor of freedom of the press, echoing a call that has been heard in a number of cities outside Beijing.

The students have been pressing for full and fair Chinese press cov-

erage of their protests and demands.

The government-controlled press mostly has ignored the students' demands. State-run television has carried extensive coverage of the damage caused by demonstrators in the cities of Shanghai and Nanjing.

There was no evidence that anyone suffered significant injury as the crowd surged through the police lines Thursday. But both sides were involved in some scuffling.

The unrest began building again Thursday night as about 2,000 students gathered outside the office of Ding Shusun, the president of Bei-

## U.S. Cardinal Gives Apology To Israel for Canceling Talks

The Associated Press



Cardinal John J. O'Connor

JERUSALEM — Cardinal John J. O'Connor, the archbishop of New York, apologized Thursday from a church pulpit for canceling meetings with Israeli leaders and said he wished them "nothing but love and peace."

Cardinal O'Connor, who walked across the Allenby Bridge over the Jordan River from Jordan, to enter the Holy Land earlier in the day, also issued an indirect call to Israel to recognize Palestinian rights to a homeland and urged an end to terrorism.

"Every human being is endowed with certain fundamental and inalienable rights," he said during Mass at the 19th century Franciscan Church of St. Saviour in Jerusalem.

"If people ignore those rights, refugees will remain in camps, the

oppressed of the world will continue in misery," the archbishop said. "I hope to be heard by those who practice violence and terrorism. I beg you to turn away from the killings."

Cardinal O'Connor's visit to Jerusalem prompted controversy when the prelate called off scheduled meetings with Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres in Jerusalem.

The Vatican does not have relations with Israel and refuses to recognize Israel's claim to the disputed city of Jerusalem as its capital. The city is also claimed by the Arabs.

Israel held the western part of Jerusalem after its 1948 war of independence and captured eastern Jerusalem from Jordan after the 1967 Middle East War.

"It is imperative that I let you know that because of my haste in preparing my visit here and my newness to my current responsibility, I failed to be sufficiently thorough and to familiarize myself with the protocol," Cardinal O'Connor told the 400 people who attended the Mass.

"Because of that error, unfortunately, it is quite understandable that the people of Israel and the leaders who govern them might have construed a deliberate offense on my part," he said.

"Nothing could be further from the truth," he added. "I deeply regret and certainly apologize for any offense that might have been perceived."

Speaking of Israel's leaders, he said, "I bear them nothing but love and wish them nothing but peace." But he added, "Whatever compensation can be made during my visit will be made within the restrictions that bind me."

Cardinal O'Connor was met by representatives of the Israeli Religious Affairs and Foreign Ministries after walking across the bridge Thursday morning.

Wearing a red-and-white robe, he entered St. Saviour's Church led by a procession of choir boys singing hymns before delivering a 35-minute sermon.

Mr. Shamir and Mr. Peres have decided against meeting the cardinal outside their offices, their spokesmen say.

**■ Peace Conference Sought**

Cardinal O'Connor suggested Wednesday that the Vatican might sponsor an international Middle East peace conference. The Washington Post reported from Amman.

Emphasizing that he had not discussed the idea with Vatican officials, he asked: "Is it conceivable that the Holy See would be considered an objective enough party and a party so obviously devoted to peace in the world that the Holy See could urge that such a conference be held and sponsored?"

He said he was likely to present the idea to Pope John Paul II in Rome after his visit to Israel.

## CHINA: Protesters Cross Police Lines in Beijing Square

(Continued from Page 1)

influenced students elsewhere in the country. Some observers predicted that the New Year's Day demonstration would bolster the morale of protesters in other cities.

The demonstration began Thursday morning after small groups of students entered Tiananmen Square to face a massive police presence. The police had been preparing for that moment for days.

The Beijing city government had sought to make Tiananmen Square off-limits last week by announcing stricter regulations for demonstrations and ordering protesters to stay away from four key locations in the capital.

One of those sites was the Great Hall of the People on Tiananmen Square, the huge Soviet-style building where the National People's Congress, or parliament, meets.

By 8 A.M., the police had marched forward from the center of the square in sub-freezing weather and formed a cordon in anticipation of the arrival of the students.

The government also had a truck spray water across the huge central section of the square early in the morning. The icy spray made it difficult for any demonstrator to move with speed or certainty.

By 10 A.M., about 300 to 400 students had gathered in small groups in one section of the square that remained open across from the Forbidden City.

Fifteen minutes later, the police began to disperse the students, but the crowd began swelling and the students who were pressed into one small section of the square began trying to move outward.

At 10:40 A.M., several hundred of them broke through police lines and surged toward the Monument to the People's Heroes. The police then forced the demonstrators to the east side of the square onto the Avenue of Eternal Peace.

Demonstrators unfurled banners for the first time. One banner called for opposition to "conservatives" in the government, a reference to senior government officials and Communist Party members who are believed to oppose the economic reforms introduced by China's top leader, Deng Xiaoping.

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erage of their protests and demands.

The government-controlled press mostly has ignored the students' demands. State-run television has carried extensive coverage of the damage caused by demonstrators in the cities of Shanghai and Nanjing.

There was no evidence that anyone suffered significant injury as the crowd surged through the police lines Thursday. But both sides were involved in some scuffling.

The unrest began building again Thursday night as about 2,000 students gathered outside the office of Ding Shusun, the president of Bei-

ing University, to demand the release of four students who they said had been detained at Tiananmen Square.

Foreign witnesses had counted 15 students being arrested by the police. Students estimated the number of detainees at 24.

[The official news agency Xinhua reported that university officials returned the detainees to their schools after "education or examination." The Associated Press reported.]

The students also demanded a guarantee that there would be no retaliation against the individuals who were detained.

**BOTHA: Pretoria Plans Elections**

(Continued from Page 1)

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He did not say whether the vote would be held under the nation's newest emergency decrees, in force since June 12, which make it an offense to oppose or resist the authorities in their handling of the nation's crisis.

South African political commentators have suggested that Mr. Botha, 70, and reportedly concerned about his health, wishes to cement his party in power among white voters before stepping down and leaving to others the job of continuing his program of cautious change in racial policies.

That program has all but stalled during the nation's unrest. While the authorities have scrapped some apartheid legislation, such as the pass laws inhibiting black access to the fringes of white cities, they have balked at further changes in such laws as those that segregate schools and residential areas.

Referring to foreign pressures to accelerate change, Mr. Botha said, "We dare not yield to the irresponsible and often superficial demands which will destroy everything created over so many decades by so many generations."

**■ Mugabe Promises Move**

Prime Minister Robert Mugabe of Zimbabwe has reiterated a vow to impose sanctions on neighboring South Africa in support of global efforts to end apartheid, Reuters reported from Harare, Zimbabwe.

Mr. Mugabe told his nation Wednesday night that although he could not meet a self-imposed Dec. 31 deadline to act against Pretoria, a trade embargo would be imposed

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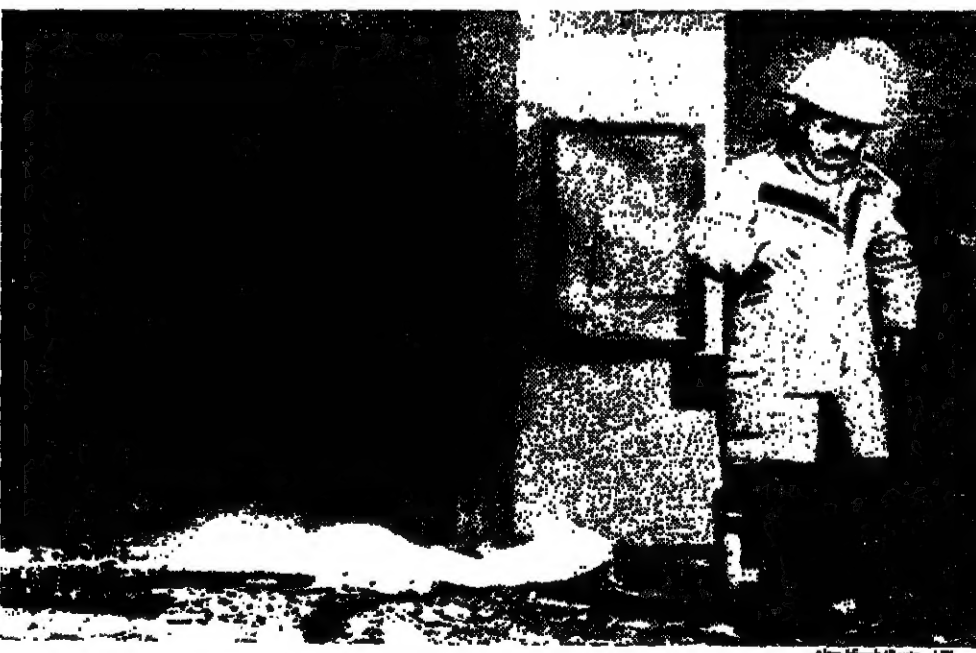
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**Dublin Explosion Kills 2 In Apartment Building**

The Associated Press

DUBLIN — Two explosions seriously damaged a Dublin apartment building on Thursday and killed at least two persons, the police said.

The cause of the explosions was not known, the police said, but a gas leak was the most likely possibility.



A fireman walked past a victim in a burned-out area of the Dupont Plaza Hotel.

## FIRE:

At Least 43 Die

(Continued from Page 1)

visited the hotel, but did not identify the source of the information.

"On the basis of a suspicion, one tends to think this matter arises from the labor situation existing in this hotel," Governor Rafael Hernandez Colon said at a news conference.

However, José Cádiz, secretary-general of the hotel workers' union, said: "I categorically reject that we're dealing with sabotage — that's anti-union talk."

Mr. Rivera Cruz, asked about reports that three incendiary devices set off the fire, said: "I'm not denying that."

"We have some theory of the blast that cannot be released specifically at this moment," Mr. Rivera Cruz said. "Obviously, our investigation is not saying that this is an accident. At this moment we don't have a conclusion; we have a theory."

Hotel guests said that several fires were discovered and extin-

## Recent Major Hotel Fires

Agence France-Presse

PARIS — The fire Wednesday at the Dupont Plaza in Puerto Rico is the worst hotel fire since 85 persons died in Las Vegas in 1980. Here is a list of hotel fires that killed 30 or more persons in the past 15 years.

December 1971, 166 dead at the Teykon Kak in Seoul.

November 19



## WORLD BRIEFS

## Sikh Militants Kill 6, Hurt 5 in Punjab

NEW DELHI (AP) — Sikh militants have killed six persons and wounded five in Punjab state, the Press Trust of India reported Thursday. A Sikh and his wife were shot to death early Thursday at their home in the village of Daula in Faridkot district by two Sikh gunmen. Sikh militants also shot and killed a Hindu employee of the Punjab State Electricity Board near a village in the border district of Gurdaspur. Two other employees of the electricity agency and a Hindu merchant were killed late Wednesday in similar attacks in Amritsar and Gurdaspur. Among those wounded in the attacks by Sikh separatists were a Hindu leader of Prime Minister Rajiv Gandhi's Congress (I) Party and his assistant, who were shot Thursday in the industrial town of Ludhiana.

## French Rail Service Still Curtailed

PARIS (Reuters) — A strike that has crippled France's railway service for more than two weeks continued Thursday despite hopes raised by the withdrawal of a disputed pay structure. Officials at the state-owned SNCF rail system said only minimum service was available as meetings of striking workers were scheduled for Thursday and Friday throughout the country. After talks late Wednesday, François Lavondès, the government mediator, announced that a management plan for a new pay structure based more on merit than seniority "no longer existed" but union leaders said Thursday negotiations would still go on over working conditions.

## 50 Libyan Soldiers Killed, Chad Says

NDJAMENA, Chad (AP) — Chad government troops have inflicted "heavy losses" on Libyan forces around the northern locality of Zouar, the army high command said Thursday, in the first confirmation that government troops had entered action against the Libyans. Combat in the arid northern Tibesti mountain region has previously been reported only between the Libyans and their former Chadian allies loyal to former President Goukouni Oueddei. A high command statement broadcast by the Chad radio said 50 Libyan soldiers were killed and 14 captured in the fighting around Zouar, which was previously captured by Libyan troops, with two Soviet-built T-55 tanks destroyed and one T-55 and a quantity of small arms captured. It said the government forces suffered two wounded with one vehicle destroyed.

## 3% of U.S. Men in Jail or Supervised

WASHINGTON (UPI) — Three of every 100 American men were in prison or on probation or parole at the end of 1985, the Bureau of Justice Statistics said Thursday. A total 2.9 million people were incarcerated or were on probation or parole at last year's end, an increase of almost 17 percent from 1983, said the bureau, a Justice Department agency, in a report. In 1983, 2.5 million people were under federal, state or local correctional supervision, the report said. Of those under supervision in 1985, 74 percent were on probation or parole, and 26 percent were in prisons or jails. Almost 87 percent of the 2.9 million people were male, meaning 3 percent of adult American males were under supervision of the criminal justice system, the report said.

## Scientists Sued for \$1 Billion

LOS ANGELES (LAT) — Disaffected members of the Church of Scientology filed a \$1 billion class action lawsuit against the organization Wednesday, accusing its late founder, L. Ron Hubbard, and a group of his aides of plotting church coffers, including critics and breaching the confidentiality of internal confidential folders. The lawsuit, filed in Los Angeles Superior Court, comes at a time when the church had hoped that its legal wars with its critics had been put largely to rest. Two weeks ago, the organization reached settlements reportedly amounting to millions of dollars, ending litigation brought against the controversial group by former members across the nation. The latest suit was filed by six former members and Freedom for All in Religion, an organization that claims to speak for as many as 400 former Scientology followers. It charges, among other things, that more than \$100 million in church funds were "illegally and secretly diverted" for Mr. Hubbard's personal use between 1972 and 1982.

## Iran Says U.S. Cut Off Payment Talks

TEHRAN (Reuters) — An Iranian official has said financial talks in The Hague with United States representatives had been suspended due to a "unilateral and abrupt" decision by the Americans, the Tehran radio reported Thursday. Delegations from the Iranian Central Bank and the Federal Reserve Bank of New York met on Monday within the framework of the Iran-U.S. Claims Tribunal to decide on terms for repayment by the United States of more than \$500 million to Iran. The decision to interrupt the talks was made Wednesday. The American side had "no excuse not to return the Iranian assets," the radio quoted an Iranian official as saying. "Yet they suddenly and with no justification broke off in the middle of the talks, ostensibly for consultation with American authorities," he added.

## For the Record

John T. (Terry) Dolan, 36, the conservative U.S. fund-raiser who died Sunday of congestive heart failure, suffered from acquired immune deficiency syndrome, sources said. Mr. Dolan was co-founder of the National Conservative Political Action Committee. (UPI) The death toll from a gas explosion and fire Saturday at a luxury hotel in Garmisch-Partenkirchen, West Germany, has risen to nine, police said Thursday. Italy's three main trade union confederations have called off a general strike after reaching agreement with the government on the terms of new work contracts for millions of state employees. (Reuters)

## Pinochet to End State of Siege in Chile

SANTIAGO — President Augusto Pinochet has announced that the state of siege in Santiago and two other areas will end Tuesday and that thousands of Chileans living abroad in forced political exile will be allowed to return home. In his year-end message, he said Wednesday that he made both decisions "in a spirit of promoting national unity." General Pinochet, 71, said that a government-appointed human rights commission would review in the next three months the cases of all 3,500 Chileans banished from the country for political reasons. He said that "most of them" would be authorized to return, leaving out only "a minimal number" of Chileans who still pose a "serious threat to our national life." The general also warned that the authorities would watch those authorized to return to prevent them from "disturbing internal peace." Thousands of Chileans went into exile after the 1973 military coup that brought General Pinochet to power. The state of siege, which expanded the government's repressive

## KABUL: Truce Is Offered

(Continued from Page 1) effort to lay the groundwork for an eventual reduction of its military presence there, The New York Times reported.

If actually carried out, the plan for national reconciliation outlined by General Najibullah would reduce internal tensions and make Afghanistan's domestic policies more acceptable to Western governments, the diplomats said.

Western diplomats said that the Afghan leader, who visited Moscow in December, appeared to taking the initial steps in a Soviet-inspired plan to give Afghanistan at least the appearance of greater autonomy and internal democracy.

The Soviet leader, Mikhail S. Gorbachev, has said that the Moscow wants to withdraw its forces from Afghanistan. Increased stability in Afghanistan, and enhanced credibility for the government, could smooth the way for a reduction of Soviet troops, according to the Western diplomats.

## FETE: Rare Cornucopia in Moscow

(Continued from Page 1) leaders to divert goods from other cities? Does this signal any relief for the interminable lines, surly service and meager selection Muscovites endure the rest of the year? Impossible to tell. But for a few days Moscow became a showplace of what Mikhail S. Gorbachev calls the new economic thinking. Muscovites are also finding it a little easier to fill their glasses this season for holiday toasts. Liquor stores, their hours curtailed as part of the campaign against drunkenness, now stay open an hour later, and Sunday hours have been resumed, apparently in response to public grumbling. For those who can do without wine or vodka, Moscow is awash in champagne. Even as the government was reporting last week that vodka and wine sales had been curtailed by higher prices and shorter hours, sales of sparkling wine — Hungarian imports and the sweet bubbly from domestic factories — have remained constant, 212 million bottles in the first 11 months of 1986.

Recently the government began permitting sales of sparkling wine in grocery stores and fruit juice bars in Moscow, where it is available without waiting in long lines. "Initiative" has so far not brought even temporary relief for the grumpy crowds lined up to buy New Year's gifts in department stores. At Detsky Mir, the children's department store, aisles were congested and the mood was anything but festive. The wait for toy trains appeared to be at least two hours, not counting a separate trip to the cashier to pay for it, and a return to claim the purchase.

## Congress Faces Unexpected Rise in Costs of Benefit Programs

By Robert Pear  
New York Times Service

WASHINGTON — New estimates by the Congressional Budget Office show that the cost of government benefit programs is increasing much faster than had been expected.

Benefit programs account for nearly half of all U.S. government spending. In August the budget office estimated that the cost of these programs would rise from \$467 billion in the current fiscal year, 1987, to \$499 billion in 1988 and eventually to \$593 billion in 1991.

Aides to Rudolph G. Penner, director of the Congressional Budget Office, said Wednesday that the new estimates were \$10 billion to \$15 billion higher for 1987 and for

1988, and more than \$20 billion higher for 1991.

These figures suggest that it will be difficult for Congress to meet the deficit targets set in the budget-balancing law signed by President Ronald Reagan in December 1985. The targets are \$144 billion for 1987 and \$108 billion for 1988. Under the law, the budget is supposed to be balanced by 1991.

Mr. Reagan plans to submit his 1988 budget to Congress on Monday. His budget director, James C. Miller 3d, has said that the president's budget would show a deficit of no more than \$108 billion in 1988. Estimates of the cost of benefit programs have not yet been made public, and the budget does not contain a figure combining all the benefit programs.

The latest estimates by the Congressional Budget Office mean that Democrats will be under new pressure to restrain the growth of domestic programs that they might otherwise want to expand. Democrats in the Senate and the House have begun drafting legislation to expand spending on welfare and on Medicare and Medicaid, the medical aid programs for the elderly, disabled and poor.

The increased cost of benefit programs appears to result in part from decisions by state officials to expand social welfare programs such as Medicaid.

In the Medicaid program, which helps the poor, states set eligibility criteria and define the scope of benefits within guidelines set by federal law. In the last year, many

states have expanded Medicaid eligibility or increased benefits to provide more assistance to pregnant women and children from low-income families.

In each state, the federal government pays at least half the costs of Medicaid and Aid to Families with Dependent Children, the main federal-state welfare program.

Under the major benefit programs, such as Social Security, student loans and unemployment compensation, people are entitled to benefits if they meet certain eligibility requirements set by law. In some of the programs, there is a test of financial need. But in others, people can obtain benefits regardless of their income or assets.

Several of the programs provide

assistance to farmers to support the prices of agricultural commodities such as corn, wheat, rice and cotton. Aides to Mr. Penner said the projected costs of these programs had risen substantially above the levels estimated in August: \$19.7 billion for 1987 and \$21.6 billion for 1988. But they said the new figures would not be disclosed for at least a week.

Administration officials said Mr. Reagan's budget would show revenue dramatically different from that estimated by Congress when it approved a major tax bill in September.

At that time, the Congressional Joint Committee on Taxation compared the new measure with prior law and concluded that it would

generate \$11 billion more in 1987, but \$17 billion less in 1988.

But Mr. Reagan's budget, using estimates developed by the Treasury Department, says the new law will produce a bigger gain in 1987, \$18 billion, and no loss at all in 1988.

David H. Brockway, head of the joint committee staff, said the panel had not changed its estimates.

The Treasury's figures have political implications because they would make it easier for the president and Congress to reduce the deficit in 1987 and 1988. But in later years the Treasury's estimates would have a different effect, because they show smaller gains in revenue, or more of a loss, than the joint committee's estimates.

## TRADE: Record U.S. Deficit

(Continued from Page 1)

doubt on this. It also gave fresh ammunition to the argument that too little attention had been paid to the fact that the dollar has not fallen much, if at all, against the currencies of such major trading partners as Canada and Mexico, and such increasingly important Asian exporters as Taiwan, South Korea and Hong Kong.

U.S. exports, meanwhile, fell 3.8 percent, to a total of \$125.6 billion. November this was only the second month — the first was July — in which imports outpaced exports by a 2-1 ratio.

The November report also pushed the deficit for the first 11 months of the year to \$159.1 billion, eclipsing 1985's record \$148.5 billion.

The record deficit with Japan reflected a sharp increase in imports — to \$8.7 billion, from \$7.3 billion — and a decline in exports, to \$1.99 billion, from \$2.28 billion.

The deficit with Taiwan, \$1.76 billion, was larger than that with any European country, and the deficits with South Korea and Hong Kong, both just under \$825 million, were bigger than that with any European country except West Germany.

The deficit with Canada soared to \$2.8 billion in November from \$1.6 billion in October, the Commerce Department reported.

In the key manufactured-goods sector, the U.S. deficit widened to \$16.7 billion from \$11.1 billion.

## Cuomo Sets Trips Around the U.S.

ALBANY, New York — Governor Mario M. Cuomo, widely regarded as a possible Democratic presidential candidate in 1988, said Wednesday that he would travel soon to Iowa, Florida, Louisiana, California and North Carolina and that "there will be more" national trips by mid-1987.

Mr. Cuomo, who has said repeatedly that he is not running for president, denied that the trips were linked to a race for the White House. But many national Democratic figures said they viewed his travel plans as the early stage of a campaign.

"There is no basis to say I'm being coy about running for president," Mr. Cuomo said. "If I chose to explore the presidency, I wouldn't do it in a backward way. I'll say I'm exploring the presidency."



General Humberto Regalado Hernández has been chosen to head the Honduran armed forces until 1990. General Regalado had been the acting chief.

## New U.S. Projects Start in Honduras

WASHINGTON — More than 1,000 U.S. military engineers have begun new maneuvers in Honduras to improve airfields and a causeway, the Defense Department has announced.

The department said Wednesday that the maneuvers represented a continuation of, rather than an increase in, the U.S. military presence in Honduras.

The engineering tasks are being done at San Lorenzo, Punta Ratón and Jamastran. This means the work will be done relatively close to the Nicaraguan border, although Pentagon officials said that U.S. troops would not go closer than seven miles (11 kilometers) from the border.

## Reagan Lauds UN Changes, Vows to Seek Funds

By Elaine Sciolino  
New York Times Service

UNITED NATIONS, New York — President Ronald Reagan has praised organizational changes recently adopted by the General Assembly as a "historic step" and said he would ask Congress to end financial cuts that pushed the United Nations close to bankruptcy, United Nations and American officials said.

Mr. Reagan, in a statement made public here Wednesday, said, "The United Nations took an historic step to adopt sweeping reforms of its organization and methods of operation."

Noting that his administration had long pushed for such changes, the president added, "We are very pleased that these measures have finally been adopted."

UN officials said they regarded Mr. Reagan's statement as the clearest indication of the administration's support for the United Nations in the aftermath of extensive congressional budget cuts that plunged the organization into the worst financial crisis of its 41-year history.

"This is the most positive statement of support for the UN to come out of the Reagan administration," said the chief United Nations spokesman, François Giuliani. "We're delighted to see that the genuine effort at reform has not gone unnoticed."

Secretary-General Javier Pérez de Cuéllar, who has sharply criticized the Reagan administration for what he said was the failure to pay its dues and the breaking of its commitment to the UN Charter, also praised Mr. Reagan's statement. "I am satisfied with the positive reaction of the U.S. administration," Mr. Giuliani quoted the secretary-general as saying. "I'm counting on the efforts of the administration to obtain the necessary funding for the United Nations."

One American official said that

after the General Assembly approved the package of organizational changes, "There was a sea change in attitudes" in the administration.

Mr. Reagan was pleased by the changes, and he telephoned Mr. Pérez de Cuéllar on Dec. 22 to congratulate him on the package, which was unanimously adopted by the General Assembly three days earlier after months of often bitter closed-door debate.

The United States owes the United Nations \$110 million of its \$210 million assessment for 1986, or more than 10 percent of the UN budget of \$800 million. Congress cited the need for organizational change as justification for the cuts.

Even if Mr. Reagan puts pressure on Congress to change its attitude toward the United Nations, UN officials are pessimistic that he will succeed in persuading Congress to restore all of the \$110 million cut last year. These officials said they hoped the administration would ask Congress for a supplemental appropriation of \$42 million for 1986 and the full assessment of \$212 million in dues that the United States owes for 1987.

The resolution passed by the Assembly includes a key demand of the United States: that the big donors have a larger voice in deciding how the United Nations spends its money.

To accomplish this goal, it gives the 21-nation Committee for Program and Coordination a key role in preparing the budget. The committee will now receive budget proposals a year in advance, set a ceiling on the budget, decide on its content and set a limit on appropriations that could be later added to by the Assembly. The

decisions are supposed to be made unanimously, or by consensus.

This would give each of the committee members a veto, and thus more power to major donors, like the United States, represented on the committee. Until now, each of the 159 member states of the Assembly had one vote on budget matters.

The American cuts affected the United Nations deeply, and it ended the year with only \$10 million, enough for only a few days' operations, according to UN officials. Several countries have promised to pay their dues for 1987 early.

Canada will pay its full 1987 contribution of \$21 million on Friday. And France, the Soviet Union and the Nordic countries — Denmark, Norway, Sweden, Iceland and Finland — have also said they will make partial or full payments in January.

## White House to Seek More Foreign Aid

By Bernard Gwertzman  
New York Times Service

WASHINGTON — The Reagan administration has decided to press Congress for a 7.8 percent increase in its \$16.6 billion foreign affairs budget for this fiscal year, and a modest rise next year, State Department officials said.

Secretary of State George P. Shultz, who has complained publicly that sharp reductions by Congress in the foreign affairs budget had "cut the legs right out from under us," has agreed to take the lead in the public relations effort for the \$1.5 billion increase, the officials said Wednesday.

The foreign affairs budget includes money allocated to foreign aid, international lending institutions, embassy protection and overseas radio broadcasting. Most of the requested increase would go

for economic and military aid, the officials said.

The administration had originally sought \$22 billion for its foreign affairs account in the current 1987 fiscal year, but Congress cut it to \$16.6 billion. Because Israel and Egypt were guaranteed by Congress to receive \$3 billion and \$2.1 billion respectively, this has led to drastic cuts in funds for other nations.

The alternative to such cuts would be for Congress to approve a supplemental request, which is to be announced on Monday. Also to be announced is the target of \$19 billion for the overall foreign affairs budget for the 1988 fiscal year, which begins next Oct. 1.

A major reason for the supplemental request was to meet commitments to allies that permit rights for U.S. bases, officials said. The request includes \$50 million

in military grants for the Philippines, doubling the amount previously allocated for 1987. It calls for \$200 million in low-interest credits to Spain, in addition to the \$105 million allocated already.

Turkey would receive \$125 million in military grants in addition to the \$490 million approved in the regular 1987 allocation for grants and loans. Portugal would receive \$30 million in grants.

In addition, the supplemental request includes \$297 million in cash grants above the \$3.55 billion previously approved. This includes \$50 million to help South Africa's neighbors put into operation a railroad ending in Mozambique to avoid the need to use South Africa's ports. The supplemental request would also provide an additional grant of \$200 million for Guatemala, El Salvador, Honduras and Costa Rica.

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## At a Loss for Words

## Gorbachev and Kabul

# The War Needn't Be

**Other Comment**

## Let China's Students Beware

Chinese society has undergone a remarkable degree of change since Deng Xiaoping emerged as the leader of the Communist regime. Many thousands of students have been allowed to study abroad. The regime tolerates the publication of a wide range of views. Mr. Deng himself has said that economic reform will eventually require a greater liberalization of the political system. But he is talking in terms of change over a period of many years — and, in any event, has never suggested any surrender of the Communist Party's monopoly of power. For many university students, that obvious

occurred in Shanghai, Beijing and several other Chinese cities. [Students] clearly want free speech, plus the right to make their own career choices, to live where they choose and to elect their own representatives to local governing bodies. The danger is that the protests will slow the process of liberalization. The students might do well to heed the call for restraint from a professor known for his progressive views: "Of course, means of expressing criticism should be the interests of stability and unity. Otherwise, good things will turn bad."

—The Los Angeles Times

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## ***Keep Watching OPEC and Try a Sales Tax***

**By Robert J. Samuelson**

**WASHINGTON**—Having died in 1986, will OPEC be reborn in 1987? The best guess about whether its current campaign to raise oil prices to \$10 a barrel and beyond is hopelessly unrealistic is understandably so. Handicapping oil prices has been a graveyard for oil exporters' reputations. In the early 1970s, few foresaw a price explosion. By the decade's end, most believed that prices would rise endlessly. Only a minority predicted the collapse that occurred in 1986. This miserable record has inspired humility.

But uncertainty should not obscure the realities of involvement with world commodity markets dependent on imported oil, whose supply is unavoidably insecure. As long as the Gulf region contains two-thirds of the non-Communist world's reserves, oil's free flow remains vulnerable to political events over which the West has little control. Its interest lies in defusing this ongoing danger, which promises to be as great in 1997 as in 1987.

The U.S. strategic petroleum reserve is one logical response, but the current target of 750 million barrels (two-thirds achieved) is far too low.

What is also needed is a tax on oil, 20 to 25 cents a gallon to spur conservation. The tax could be phased in over three years to mute the inflationary impact; the revenue could be used to cut the budget deficit or taxes. The main purpose would be to promote long-term investments in everything from home insulation to energy-efficient planes.

OPEC's latest gambit does not yet make it an effective card, which controls prices by controlling supply. OPEC never has done that for a sustained period. Its quotas have been routinely violated, and it has not prevented new oil supplies, induced by higher prices, from coming to market. Since 1973, production of OPEC's developing countries has jumped nearly 50 percent.

But OPEC represents enough of world supply to influence prices. In the 1970s its power rose with world oil demand and Middle Eastern political

instability. Anyone needing extra oil had to go to OPEC, since other suppliers were at peak capacity. Political upheaval made matters worse by making oil buyers fear that supplies would become even tighter. It is no accident that OPEC's major price increases coincided with the Israeli-Arab war in 1973 and the Shah's ouster in 1979.

Now OPEC is trying to reassert its power in a less favorable climate. After a chaotic year characterized by a breakdown of production quotas, it has adopted lower quotas and higher prices. The strategy might work. Estimates for the first quarter of 1981 show greater demand than supply, creating upward price pressures. Normally, oil companies and consumers would make the projected gap of 2.4 million barrels a day by drawing down inventories in storage tanks. Philip Verleger, an economist at the American International Economics, says he doubts that inventory reductions will be great enough to force OPEC to discount its prices. Demand will still exist for all it produces. But can OPEC restrain output? Mr. Verleger's production estimate almost matches the official quota, but that does not imply compliance. He expects Iran to fall below its quota (Iraq's bombing has cut output), with the loss offset by OPEC cheating.

Even if the OPEC agreement holds a few months, Mr. Verleger thinks it will collapse by midyear. Demand will drop after the winter heating season, he predicts, and Iraq, which refuses to abide by the quotas, will raise exports through a new Turkish pipeline. OPEC's history warrants this skepticism. Cheating on quotas was rampant in the early 1980s, and Saudi Arabia's production, held up prices. When the Saudis abandoned that role in late 1985, prices tumbled.

But OPEC's recent performance has been good.

**By W. W. Rostow**

*This is the first of two articles.*

Western countries. In 1913, social welfare expenditures in Germany were about 5 percent of GNP, in Britain 4 percent, in the United States 2 percent, while the comparable 1913 figures for military expenditures were 3, 4 and 1 percent.

The issue of whether resources should be allocated to welfare or to the nurturing of private consumption and investment remained at the center of politics in the advanced industrial countries for a century. Then a revolutionary rise of welfare outlays — average welfare outlays in the major OECD countries rose between 1960 and the mid-1970s from about 10 percent to 15 percent of gross national product — brought that phase to a rather dramatic close.

The third phase will be about maintaining living standards in an increasingly competitive world economy. The fate of the advanced industrial countries now depends not on the power of conservative vs. liberal politicians but on how the U.S. political process responds to the new questions of competition.

At the heart of the question is whether the United States can so deploy its assets as to maintain its standard of life and avoid vicious mercantilist struggles in the face of

competition from the Pacific basin and Latin America. The challenge has arisen because a major technological revolution was generated in the advanced industrial countries at just the time when the more advanced developing countries were mounting an educational revolution which is putting them in a position progressively to absorb and apply the new technologies. What can be seen in South Korea's remarkable race to go high-tech is what we can expect increasingly over the next several generations in the developing countries. These technologies include microelectronics, genetic engineering, batches of new industrial materials, lasers, robots and various new means of communication. They have four distinctive characteristics: They are closely linked to areas of basic science which also are undergoing revolutionary change; they are galvanizing the old basic industries as well as agriculture and services; they are immediately relevant to developing countries to a degree that is unprecedented; and the rate at which each so diversified that no single country is likely to dominate them as, for example, Britain dominated the early stage of cotton textiles and the United States dominated the early

stage of mass-produced automobiles.

Statistics suggest the extent of the educational revolution. In what the World Bank calls "lower-middle income countries," the proportion of the young-adult population (aged 20-24) enrolled in higher education rose from 3 percent in 1960 to 10 percent in 1982. The increase in India, with low per capita income but a vital educational system, was from 3 to 9 percent. For Brazil the increase from 1965 to 1982 was from 2 to 12 percent. To understand the meaning of these figures, note that in 1960 the proportion for Britain was 9 percent, for Japan 10 percent.

There has been, moreover, a radical shift toward science and engineering. In India the pool of scientists and engineers has increased from about 190,000 in 1960 to 2.4 million in 1984—a critical mass only exceeded in the United States and the Soviet Union.

In Mexico from 1959 to 1973, the number of graduates in the natural sciences increased annually by about 3 percent, in engineering by 5 percent. From 1973 to 1981 the comparable figures were 14 and 24 percent, respectively—an astonishing almost fivefold acceleration.

These figures, signaling a surge in technological absorptive capacity, mark the arrival of a stage when new technologies are being absorbed, in circumstances, at a minimum. Despite current vicissitudes, I would guess that India and the developing societies of the Pacific basin, including China, and those containing most of the population of Latin America will absorb the new technologies and move rapidly forward in the next several generations. Much of the world's future will be in the Middle East, if it could find its way from its chronic thirst bloodletting.

*The writer, professor of political economy at the University of Texas, contributed this comment to The Washington Post.*

## ***'Freedom of Trade Simply Isn't Enough'***

**By Pranay Gupta**

**A**MMAN When he discusses the uncertain political and economic situation in the Middle East and elsewhere in the Third World, Crown Prince Hassan of Jordan argues for a revival of "development dialogue" between North and South.

"A good start would be to stop talking about the 'Third World' and 'Third World' in an imprecise way. 'The Third World' is not a bloc." Broad paucities concerning development, however fashionable in the West, "are not always relevant."

Prince Hassan, 39, is an energetic spokesman on development issues. For the last three years he has shared the chairmanship of an Independent Commission on International Humanitarian Issues; supervised public affairs studies on the Third World problems as famine, stricken children and refugees; and headed the Arab Thought Forum, which brings together economists, government officials and writers to chart new courses to redress social wrongs.

In Jordan he has been entrusted by his older brother, King Hussein, with leadership and planning for education and social services. Jordan's programs for vocational training and women's literacy are considered a model in the Third World. In fact, the country may be regarded as a victim of its own success. The Jordanian economy cannot absorb the increasing flow of graduates. In Jordan as in other Third World countries, dis-

affection is on the rise among unemployed youth. More than half Jordan's population is under 15.

Prince Hassan wants new structures for Third World growth. "Multilateralism should be redefined. The multilateral dialogue between the donor nations and the mid-recipients states is still a dialogue of the 1960s century, dominated by the politics of dependence." Noting that the World Bank, the IMF and the UN Development Program recently acquired new leaders, he urges those institutions to bold informal talks with regional and subregional bodies involved in development work in order to establish new priorities for the channelling of development funds.

At the time has come for a "thorough and open discussion" of the West's concept of the Middle East. "You have only to look at the current scandal over the arms sales to Iran," Prince Hassan said. "The feelings of the people of this region have been totally set aside for expediency."

Western policies and perspectives on the Middle East invite growing extremism which would be very difficult to manage, the prince said.

"The promotion of some middle ground is essential, and this can be done by strengthening the region's economies and encouraging heightened economic exchanges among the

region's states." Fundamentalism "is an issue primarily involving the young. The tone of the fundamentalist message is nihilist, and the message is invariably about social parties. The momentum of fundamentalism is much more about religious intolerance and political frustration than about economic development."

"Unless The West is willing to work with us for regional political and economic stability," Prince Hassan said, "the forces of disintegration will continue to change the face of this region, and of the Third World. And demographic pressures will invite instability and chaos."

He called for a "universal approach to Third World development" that would involve participation of multinational corporations and more sophisticated economic relations between the West and the two categories of Third World states: those with plentiful oil and other resources and those bereft of them.

It also would involve an accelerated system of economic exchange among developing nations whereby they could utilize their own skills, manpower and products.

"Freedom of trade and capital is simply not enough," Prince Hassan said. "We need modern techniques for economic growth, and technology, in the context of regional and strategic cooperation, to take full advantage of the existing state of the world's economy."

*International Herald Tribune*

# Wild Ideas, And Facts Even Sillier

**By Flora Lewis**

**A**MMAN — Leaders everywhere are wringing their hands about loss of trust in the word of the United States government after the Iran-contra affair. But the problem may be even more in the wild ideas that people are prepared to believe in when they cannot be sure.

Credulity has always been a corrosive element in affairs between nations, especially in the Middle East where there are often some grounds to enhance the temptation of conspiracy theories. The corrective has to be a demand for evidence, stubborn insistence on common sense short of proof to the contrary.

But when proof appears, what measures remain to permit confident rejection of rumors that blow naturally, with fitful force, like wind in the desert? How are people to go on defending reason and realism, scoffing at silly notions, when facts turn out to be even sillier?

Some people always insist on the truth of what they choose to believe because it makes life simpler, removing the need to probe and adjust for contradiction. This is what makes compromise and settlement so difficult. Suspicion is reinforced by naively believing the worst about others and it does more damage than skeptical reticence in offering trust.

This is a part of the world with a tradition for grossly exaggerated rhetoric, for a gap between public word and deed (although private word is a matter of high honor). Many have come to look to America as a standard that provides at least some measure for judging reality. Now what can be taken for certain? The uncertainty aggravates the distress among those who feel a need to rely on America whether or not they like its policies, since it undermines their defense against the irrational.

Supposition is spreading widely now that Washington no longer opposes a clear-cut triumph by either side in the Iran-Iraq war, but has concluded that Iran is winning and wants to side up to the victor.

been providing satellite intelligence to Iraq (for a lot longer than has yet been admitted, authoritative sources say) provokes comment on the inherent cynicism that guides Iraqi bombers to targets in Iran, to be countered by U.S.-supplied defense

But some, lapsing into credulity, see a triple betrayal, arguing that U.S. satellites could have warned Iraq effectively against the successful Iranian offensive on the Faw peninsula last February. "The Americans said the Faw attack was a diversion and the big campaign would come much farther north," some pretend to know. "so what was the motive?"

Credulity does not leave room for the accidents, miscalculation and ignorance that play so large a part in human affairs, and thus it promotes miscalculation and ignorance.

Sober military heads in Egypt and Jordan see no prospect for ending the long, terribly bloody Iran-Iraq war any time soon. There are many reasons about important contributions to Iran from Saudi Arabia and the Gulf states, as protection money and hedging, even while these countries provide Iraq's major support.

Hard evidence is unavailable. But there is consensus that the Saudis and their smaller neighbors genuinely want the war stopped, even at the price of overthrowing Saddam Hussein of Iraq, but not at the price of completely destroying Iraq's regime as Tehran demands. A pro-Iranian Islamic republic in Iraq would be unacceptable to all Arab states.

In this context of endless fighting that could take unforeseeable turn the lack of any appearance of movement toward breaking the Arab-Israeli deadlock adds to the gloom.

Quiet probes and contacts are going on continually. One way or another, all sides are talking to each other nowadays and that is a change from earlier refusals to recognize any point in exchanges. Even the guarded or indirect meetings are not getting anywhere. Momentum gone, another victim of the credulity that ascribes to Washington alone the capacity for initiative.

Furthermore, the sense is spreading that as a result of the Reagan administration's fall from foreign policy grace, the United States is going to be paralyzed internationally for at least two years, leaving the Middle East to self-destructive drift. That is not necessarily so. American resilience can swiftly reconstitute firm, knowledgeable foreign policy guidance — and that is urgently needed to strike against credulity.

*The New York Times.*

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1912: Army vs. Nobles

**PEKING**—Yuan Shih-kai, the special army's leader, will face the press, Dowager and nobles of the imperial clan [on Jan. 2] with demands by the commanding officer of the Northern army, which are to the wealth of the princes and nobles shall be commandeered for the support of the army in continuing war. The army leaders profess loyalty to the monarchy and declare that they do not sympathize with the public and are willing to sacrifice their own lives for the monarch according to principle. They insist that unless the princes disgorge, they must be deposed. Meanwhile, government reports about 4,000 revolutionists attacked Ehekou [Dec. 31] and that the fight [continued on Jan. 1], a large force of revolutionaries delivering an unsuccessful attack on the Imperialists.

### 1937: Confidence Urged

**WASHINGTON**—Cabinet members have stated their faith in America's continued progress during the coming year. R. Walton Moore, Acting Secretary of State, said: "Never at the beginning of any year in the present century has there been a stronger reason for confidence than now." C. C. Roper, Secretary of Commerce, said: "We can and should derive encouragement from what has transpired in the past year without underestimating the lingering aspects of the depression which are pressing for a solution. Unemployment is still a paramount problem." Henry A. Wallace, Secretary of Agriculture, said: "We must begin the intelligent attack on the problem of the farmers, just as the nation has begun in the success of [the] industrial program that should be [the] agricultural program that will bring the farmers







NYSE Most Actives				
Vol.	High	Low	Last	Chg.
Boji	44.05	43.95	44.00	+
Boji	31.00	30.95	31.00	+
Boji	24.00	23.95	24.00	+
Boji	19.00	18.95	19.00	+
Boji	15.00	14.95	15.00	+
Boji	12.00	11.95	12.00	+
Boji	10.00	9.95	10.00	+
Boji	8.00	7.95	8.00	+
Boji	6.00	5.95	6.00	+
Boji	4.00	3.95	4.00	+

Dow Jones Bond Averages				
Vol.	High	Low	Last	Chg.
Boji	44.05	43.95	44.00	+
Boji	31.00	30.95	31.00	+
Boji	24.00	23.95	24.00	+
Boji	19.00	18.95	19.00	+
Boji	15.00	14.95	15.00	+
Boji	12.00	11.95	12.00	+
Boji	10.00	9.95	10.00	+
Boji	8.00	7.95	8.00	+
Boji	6.00	5.95	6.00	+
Boji	4.00	3.95	4.00	+

Market Sales				
NYSE 4 a.m. volume	NYSE 4 a.m. close	NYSE 4 a.m. volume	NYSE 4 a.m. close	NYSE 4 a.m. volume
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

NYSE Diary				
Class	Prev.	Chg.	Vol.	Chg.
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00

NYSE Index				
High	Low	Close	Chg.	Vol.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

Odd-Lot Trading in N.Y.				
Buy	Sell	Vol.	Chg.	Vol.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

Wednesday's NYSE Closing				
Vol.	High	Low	Last	Chg.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

Dow Jones Averages				
Vol.	High	Low	Last	Chg.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

AMEX Diary				
Class	Prev.	Chg.	Vol.	Chg.
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00

Standard & Poor's Index				
Vol.	High	Low	Last	Chg.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

NASDAQ Index				
Vol.	High	Low	Last	Chg.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

NASDAQ Diary				
Class	Prev.	Chg.	Vol.	Chg.
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00
Advanced	10.00	0.00	10.00	0.00

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

AMEX Stock Index				
Vol.	High	Low	Last	Chg.
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000
139,176,000	177,238,000	139,176,000	177,238,000	139,176,000

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

## NYSE Slips in Final '86 Session

NEW YORK — Prices on the New York Stock Exchange ended 1986 with a slight loss Wednesday as falling bond prices and end-of-quarter portfolio adjustments led to its third decline in three days.

Trading was moderate as many investors finished business early for the New Year's Eve celebration, a holiday many will stretch into a four-day weekend.

The Dow Jones industrial average fell 12.66 to 1,895.95 and declining issues outnumbered gainers 836-774 among the 2,082 issues traded on the New York Stock Exchange.

For the year, the Dow was up 349.28 points, a rise of 22.6 percent, but it was already up 22.4 percent at midyear. Its first close above 1,900 occurred July 1. The Dow's current record high is 1,955.57, set Dec. 2.

Broad market indicators also fell Wednesday. The New York Stock Exchange composite index slid 0.54 to 138.58; the price of an average share lost 14 cents and Standard & Poor's 500-stock index fell 1.20 to 242.17.

On the Big Board, 139.2 million shares changed hands, compared with 126.2 million traded in the previous session.

"If you stand on your head, the market almost looks good," said Trude Latimer, market analyst at Josephthal & Co.

Stocks erased modest early gains when bond prices turned lower. Stock index futures contracts began trading at discounts to their cash indexes and professional traders bought futures and sold the equities. Lower stock index futures prices tend to reflect investors' expectations that stock prices will fall.

"The markets are a hedge-podge," said Jon

Grovesman, head of equity trading at Ladenburg, Thalmann & Co.

Bond prices initially rose, even though the dollar was lower and oil and gold prices advanced. A weak dollar and rising commodity prices usually hurt the inflation-fearful bond market. Gold traders attributed the sharp run-up in gold to year-end position squaring.

"The only thing to say is what people have been saying ad nauseum: We have to wait to see what happens after the first of the year," Mr. Grovesman said. "With tax-law selling out of the way, the market will have no excuses."

Persistent tax-law selling put pressure on stock prices during December. Long-term capital gains lost their preferential treatment under the tax law in effect in 1987.

"The most popular excuse for the market not having a year-end rally had been the changes in the tax laws," agreed Alfred Goldman, stock market strategist at A.G. Edwards & Sons in St. Louis. "The short-term bulls lose that excuse Friday," he said. "If we don't start getting a better tone in the market starting Friday or very soon after that, the market is a lot sicker than I think it is, and I do think it's sick."

Elliot Fried, head of equity research at Shearson Lehman Brothers, said the absence of a year-end rally was not surprising.

"There's a lot of confusion about the economy," Mr. Fried said. "Half the investment community believes the economy is recovering; a whole other group thinks exactly the opposite. Confusion equals uncertainty, which equals poor market."

In Wednesday trading, BellSouth was the most active NYSE-listed issue, easing 1/8 to 57 3/4. Southern California Edison followed, unchanged at 34.

12 Month High Low Stock	Dr.	Vol.	PE	Chg.	High	Low	Close	Chg.
Boji	44.05	43.95	44.00	+	44.05	43.95	44.00	+
Boji	31.00	30.95	31.00	+	31.00	30.95	31.00	+
Boji	24.00	23.95	24.00	+	24.00	23.95	24.00	+
Boji	19.00	18.95	19.00	+	19.00	18.95	19.00	+
Boji	15.00	14.95	15.00	+	15.00	14.95	15.00	+
Boji	12.00	11.95	12.00	+	12.00	11.95	12.00	+
Boji	10.00	9.95	10.00	+	10.00	9.95	10.00	+
Boji	8.00	7.95	8.00	+	8.00	7.95	8.00	+
Boji	6.00	5.95	6.00	+	6.00	5.95	6.00	+
Boji	4.00	3.95	4.00	+	4.00	3.95	4.00	+

12 Month High Low Stock	Dr.	Vol.	PE	Chg.	High	Low	Close	Chg.
Boji	44.05	43.95	44.00	+	44.05	43.95	44.00	+
Boji	31.00	30.95	31.00	+	31.00	30.95	31.00	+
Boji	24.00	23.95	24.00	+	24.00	23.95	24.00	+
Boji	19.00	18.95	19.00	+	19.00	18.95	19.00	+
Boji	15.00	14.95	15.00	+	15.00	14.95	15.00	+
Boji	12.00	11.95	12.00	+	12.00	11.95	12.00	+
Boji	10.00	9.95	10.00	+	10.00	9.95	10.00	+
Boji	8.00	7.95	8.00	+	8.00	7.95	8.00	+
Boji	6.00	5.95	6.00	+	6.00	5.95	6.00	+
Boji	4.00	3.95	4.00	+	4.00	3.95	4.00	+

12 Month High Low Stock	Dr.	Vol.	PE	Chg.	High	Low	Close	Chg.
Boji	44.05	43.95	44.00	+	44.05	43.95	44.00	+
Boji	31.00	30.95	31.00	+	31.00	30.95	31.00	+
Boji	24.00	23.95	24.00	+	24.00	23.95	24.00	+
Boji	19.00	18.95	19.00	+	19.00	18.95	19.00	+
Boji	15.00	14.95	15.00	+	15.00	14.95	15.00	+
Boji	12.00	11.95	12.00	+	12.00	11.95	12.00	+
Boji	10.00	9.95	10.00	+	10.00	9.95	10.00	+
Boji	8.00	7.95	8.00	+	8.00	7.95	8.00	+
Boji	6.00	5.95	6.00	+	6.00	5.95	6.00	+
Boji	4.00	3.95	4.00	+	4.00	3.95	4.00	+

12 Month High Low Stock	Dr.	Vol.	PE	Chg.	High	Low	Close	Chg.
Boji	44.05	43.95	44.00	+	44.05	43.95	44.00	+
Boji	31.00	30.95	31.00	+	31.00	30.95	31.00	+
Boji	24.00	23.95	24.00	+	24.00	23.95	24.00	+
Boji	19.00	18.95	19.00	+	19.00	18.95	19.00	+
Boji	15.00	14.95	15.00	+	15.00	14.95	15.00	+
Boji	12.00	11.95	12.00	+	12.00	11.95	12.00	+
Boji	10.00	9.95	10.00	+	10.00	9.95	10.00	+
Boji	8.00	7.95	8.00	+	8.00	7.95	8.00	+
Boji	6.00	5.95	6.00	+	6.00	5.95	6.00	+
Boji	4.00	3.95	4.00	+	4.00	3.95	4.00	+

12 Month High	Low	Stock	Dr.	Vol.	PE	Chg.	High	Low	Close	Chg.
44.05	43.95	Boji	+	497	11	+	44.05	43.95	44.00	+
31.00	30.95	Boji	+	497	11	+	31.00	30.95	31.00	+
24.00	23.95	Boji	+	497	11	+	24.00	23.95	24.00	+
19.00	18.95	Boji	+	497	11	+	19.00	18.95	19.00	+
15.00	14.95	Boji	+	497	11	+	15.00	14.95	15.00	+
12.00	11.95	Boji	+	497	11	+	12.00	11.95	12.00	+
10.00	9.95	Boji	+	497	11	+	10.00	9.95		
8.00	7.95	Boji	+	497	11	+	8.00	7.95		
6.00	5.95	Boji	+	497	11	+	6.00	5.95		
4.00	3.95	Boji	+	497	11	+	4.00	3.95		
2.00	1.95	Boji	+	497	11	+	2.00	1.95		
1.00	0.95	Boji	+	497	11	+	1.00	0.95		
0.50	0.45	Boji	+	497	11	+	0.50	0.45		
0.25	0.20	Boji	+	497	11	+	0.25	0.20		
0.10	0.05	Boji	+	497	11	+	0.10	0.05		
0.05	0.00	Boji	+	497	11	+	0.05	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
0.00	0.00	Boji	+	497	11	+	0.00	0.00		
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- *Western Australia's Boom*
- *Melancholy Brighton*
- *Private Helicopters Take Off*

## Balthasar Neumann tercentenary



**This year is the 300th anniversary of the birth of the German Baroque architect Johann Balthasar Neumann, and a number of festive trips, tours, river cruises and other events are planned to celebrate, especially in the region of Franconia, in northern Bavaria, where Neumann did his greatest work. The Colonel-hereditary military engineer began his architecture career for the Schönauborn, prince-bishops of Würzburg. The Residenz (shown here), the prince-bishops' palace in Würzburg, is Neumann's masterpiece. In Giambattista Tiepolo's fresco over the Residenz's ceremonial staircase – believed to be the largest fresco in the world – the architect, who always retained his military tie, is shown in colonel's uniform. A free brochure about Neumann and information on events marking the tercentenary, "Balthasar Neumann 1687-1754" can be obtained from the Franconian tourist office: Fremdenverkehrsverband Franken, Am Pfarrer 14, D-8500 Nürnberg 80, West Germany.**

■ The Windover dig, an archaeological site in Florida that has yielded what archaeologists called "incredible" details of ancient Indian culture, closes to the public Saturday. The last tours of the site are Friday and Saturday. Digging is to end Jan. 17 and the area will be returned to its original state. In 1986, the third year of the dig, archaeologists uncovered more than 55 intact human skulls with well-preserved brain tissue, the remains of more than 120 individuals, a seed necklace, ancient clothing, and a large earthenware jar. The site also has a peat bog 10 to 12 feet (3 to 3.6 meters) below the bottom of a shallow pond in the Windover Farms neighborhood of Titusville. The site was discovered by a road construction crew. The National Park Service is considering a proposal to make the site a national historic landmark.

**A Journey in France** This spring will take riders through the scenic, forested roads of lavender-scented valleys of the Alps of Provence on small, surefooted horses of Provencal stock. The horses are fitted with *randonnee* saddles, comfortable for extended periods; these resemble lighter versions of the Western saddle, characterized by a small horn in front, a slightly built-up seat and long stirrups. The trip, limited to 10 people, starts May 16 in Marcelline with a bus ride to Chateau-Arson. From there, on horseback for four or five hours daily, the riders go to Banon, Roussillon, Lurrie, Mallemaire and Salonde-Provence, ending up back in Marcelline on May 23. Further trips are scheduled Sept. 5-12 and Sept. 19-26. Based on double occupancy, the price is \$1,875 a person, including breakfast and dinner, accommodations, use of a horse, baggage transport by van, a wine tasting, tips and transfers. Air fare is not included. Butterfield & Robinson, 70 Bond Street, Toronto, Canada M5B1X3.



■ The New York State Museum in Albany is celebrating its 150th anniversary by opening the first part of a major new permanent exhibition. Titled "The Ice Age," it re-creates the aftermath of the last ice age, when mastodons and early humans roamed the spruce-covered tundra of what is now western New York. Part of the exhibition depicts a small family of hunters in a setting portraying the mid-Hudson and Catskills region, augmented by a nearby display of tools and other artifacts excavated from the area. A second group, set near Storm King Mountain in the lower Hudson Valley 12,000 years ago, shows an adult female mastodon and her calf, reconstructed using recent findings that have revolutionized notions about the appearance of these great creatures. Other parts of the museum's collection include Iroquois artifacts and Shaker products. Admission is free.

■ First London A to Z, now England from Andet to Wordsworth — with stops along the way for, among others, Tennyson, Austen, Bowtell, Charlotte Brontë, Anthony Burgess, Byron, John Fowles, Hardy, Aldous Huxley, Henry James, Dr. Johnson, Kipling, Andrew Marvell, Orwell, Shakespeare and Woolf. The 23-day Polyvalition Tour of Literary England, encompassing landscapes and towns associated with authors and their writings, goes to Cambridge for colleges associated with Byron, Sterne, Forster, Tennyson and Wordsworth; to Nottingham, D.H. Lawrence's hometown; to Jane Austen's house in Chawton; Henry James's house in Rye and many more places with literary associations. The trip, July 4-26, costs \$3,295 a person in double occupancy, including accommodations, breakfast and dinner, sightseeing led by a university teacher, and tips. Air fare is not included. Peter Graygard, 35 The Grove, Moordown, Bournemouth, Dorset BH92TY, England.

■ A new sail-assisted cruise ship, the Black Prince, leaves Amsterdam on April 11 for its maiden voyage, calling at Cadiz, Madeira, the Canaries and Lisbon, arriving back in Amsterdam on April 25. The 450-passenger ship of the Fred. Olsen Lines includes a pontoon swimming pool, the Marina Park, which the owners say is the first of its kind. It permits ocean swimming and skin-diving. There is also a pool on deck. Fares for the inaugural trip range from about \$1,800 to \$4,570. Information from travel agents, or contact Bennett Voyages, 5 rue Scribe, F-75009 Paris.

### *Previews of revelry in Rio and Venice*



by Alan Riding

**R**IO DE JANEIRO — It is no coincidence that for many people the mere mention of Rio de Janeiro evokes images of wild dancing African rhythms, extravagant costumes and beautiful near-naked women and men, all wrapped in a sticky hot embrace of bacchanalia and sensuality. They're right. Other carnivals have some of the things of Rio, but none seem to match its explosion of pre-Lenten revelry. Those who have joined it once, never forget; those who have not, keep wondering and imagining.

Each year, the show seems impossible to repeat; it begins on the evening of Friday, Feb. 27, and ends at midnight or thereabouts on Tuesday, March 3. Since early November the samba schools' sambas have been blaring from radios to insure that, by late February, everyone can sing along; work has started on fancy dresses, if not on making them, at least on saving money to buy the sequins, feathers and satin that go with them; and the samba schools, which serve as huge neighborhood clubs in the poorer parts of town have started practicing the tricky footwork and complex routines that they will show off before thousands when they parade through the Sambadrome. With summer at its height, the mood is building up. Anything serious that needs to be done has already been postponed until after carnival.

Carnival in Brazil, though, is not just Rio. There is not a city, town or village in this vast nation that does not celebrate it. Some Brazilians even argue that it is better—more traditional and less commercial—in Salvador in Bahia state and Olinda in Pernambuco state. Yet there's no stealing Rio's title as the capital of carnival: for *cariocas*, as the people of the city are known, carnival is not just a holiday week-

end; it is the moment around which the rest of the year revolves, the time when fantasy takes over from reality.

For visitors, the central spectacle is the parade of samba schools that takes place every night and may pass down in places like Rio de Janeiro, with the largest, richest and most exotic schools competing to be champion on Saturday and Sunday nights of the carnival weekend. There is a special Parade of Champions on the night of Saturday, March 7. Tickets to watch the endless dance-parade from bleachers cost between \$10 and \$30. But at no charge, there are many parades to be followed as they wander noisily through the beachside neighborhoods of Copacabana and Ipanema. And when there are no parades there is hardly a corner without some spontaneous samba group accompanying the flow of chopp, or ice-cold draft beer.

The other events that form an essential part of carnival are the samba balls that are held in clubs or hotels. Each usually has a theme to guide the fancy dresses although scant attire unites them all. And they can be wild — not violent, but certainly unrestrained by taboos. Transvestite outfits are common, while at least two or three dances announce themselves as homosexual fiestas. One of the more sober balls, though, also has the best setting: outdoors on Sugar Loaf Mountain overlooking the city and Guanabara Bay. It's on Friday, Feb. 28.

Carnival in Rio, one should add, is not for the unadventurous, but it is also not exclusively for the young. With minimal precautions, older tourists can also have fun. This city has earned a reputation for petty street crime, and visitors should not wander out with large sums of money or passports or expensive watches and jewelry. But there is no need to do so anyway: Rio is cheap and the rule is to dress as informally as whim dictates. It is also

worth taking a camera along for the Sambadrome parades, although it is advisable to hide it in a bag until you get there. But the huge crowds that take over Rio at carnival time are friendly and good humored: they're having a good time and they want visitors to have a good time too.

Tickets for the various balls and the Parade of Champions can be obtained from hotels or travel agencies. Visitors booking their trips through travel agencies in the United States can order their tickets at that time. Information on carnival is also available from the Brazilian Tourist Office, 551 Fifth Avenue, New York, N.Y. 10176; 212-286-9600. ■

*Alan Riding is the Rio de Janeiro bureau chief of the New York Times.*

by Paul Hofmann

**V**ENICE—If you plan to see the Venice carnival, pack a pair of rubber boots. Last year the Queen of the Adriatic was humbled by the third-highest flood of the century at the eve of the celebrations. St. Mark's Square was in part under water, and bootless tourists were seen wading across it, their legs wrapped in plastic shopping bags that were not meant as parts of a costume.

"How Tiring Having Fun Is," read a mocking headline in Italy's leading newspaper, *Corriere della Sera* of Milan, over a carnival report from Venice. The discomfort was deepened by wildcat strikes of transit workers manning the *vaporetti*, the little steamers that serve as city buses, and by walkouts of some restaurant employ-

It may not happen this year, but the winter months are the season when high

water occurs most often: exceptionally swollen tides are further whipped up by storms, and the Adriatic Sea invades the lagoon, causing the Grand Canal and the narrower waterways to spill over. A project calling for locks to close the three gaps between the sea and the Venetian lagoon whenever necessary is far from completion.

Even without high water, Venice in winter is often a chilly, drafty and moist place sometimes shrouded in fog. Woolens and rainwear are recommended.

It was not until the 1970s that Venice again began attracting visitors other than the die-hards. It was then that local business people hit upon the idea of creating a Venice winter tourist season — in addition to the city's roaring summers — by reviving its historic carnival.

The Venetian masquerades in the days before Lent were famous throughout Europe during the 18th century. Visitors from many countries mingled with Venetian courtesans, gallants, cardsharps and other adventurers in the crowded squares and passageways of the city. Historians say the carnivals marked the decadence of the Most Serene Republic of Venice; in earlier centuries the Venetian merchants and seamen were too busy trading with the Orient and battling infidels to have any leisure for merrymaking at home.

The rebirth of the Venetian carnival during the last decade has provided off-season earnings for hotels, restaurant shops and gondoliers, but has also brought some criticism from conservationists. In 1985, some revelers did get out of hand and, among other excesses, lighted bonfires in St. Mark's Square, charring the marble facade of one of the buildings facing it. Last year small groups of environmentalists and left-wing extremists staged anti-carnival demonstrations in and near the plaza, but most of the visitors

who witnessed them seem to have thought they were part of the subdued high water carnival.

During the 1987 festivities, masked balls and other events are scheduled to take place the week leading up to Lent at the La Fenice Theater and recitals, concerts and art-film shows at the Teatro Malibran near the Rialto. Rock groups will again perform in two small squares on either side of the Grand Canal, the Campo Santo Stefano, as they did last February. The choice of the two little piazzas is a stratagem aimed at keeping teen-agers, fired by the hard rhythms and the punk mood, at a prudent distance from St. Mark's Square.

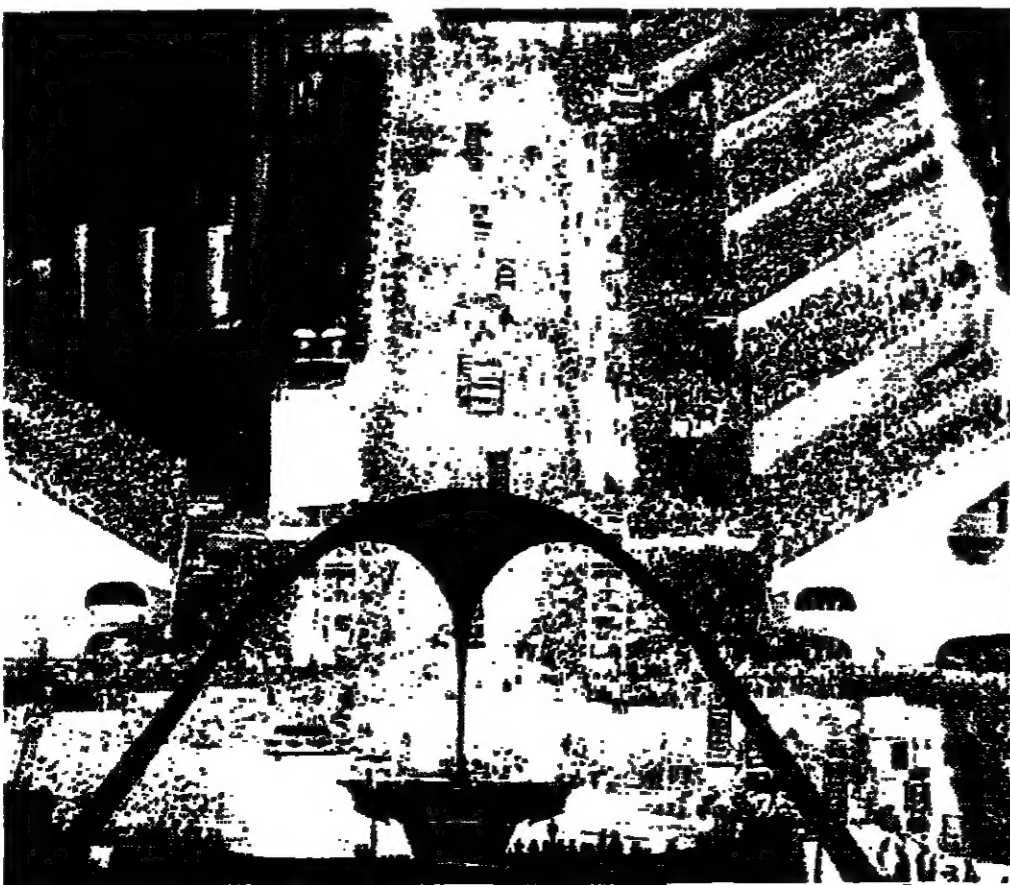
That pizza will again be flooded and decorated with white and golden plastic ornaments. Barring another high water. St. Mark's Square, the nearby narrow streets and the waterfront looking out at Giudecca Island will again be thronged with make-believe Columbines, Marco Polos, Venetian doges and other costume figures. Confetti will be strewn lavishly. Behind some of the masks will be policemen watching out for pickpockets, but you are well advised to leave your passport and valuables in the hotel safe anyway.

The music of Vivaldi will waft from loudspeakers strung up around St. Mark's Square and along the adjoining southernmost section of the Grand Canal. Last summer, city hall forbade gondoliers and street minstrels to sing "O Sole Mio" and other popular Neapolitan tunes pointing out that there was more than enough Venetian music to entertain visitors. Nationwide gulfaws, mingled with charges of cultural chauvinism and racism, prompted the city fathers on the lagoon to drop their veto against Neapolitan music.

*Paul Hofmann is a former Rome bureau chief of the New York Times.*



**Masked beckoner in Venice.**



*Rio's Sambadrome, and (right)*



*St Mark's Square Venice in Carnival week.*



# The Corporate Helicopter Is No Longer Just the Boss's Toy

**You don't have to  
be an enthusiast  
any longer, shaken  
and deafened**

"The helicopter has become a very reliable piece of equipment and you can now actually use it like a car," says Robin Keith, managing director of McAlpine Helicopters in Haves, near Heathrow. "People can't believe it's so easy. You don't have to be an enthusiast any longer, shakened and defendend and having to wait for the brain to slow down before you could do any work. More and more companies are buying helicopters rather than planes, having considered both side by side with their travel needs. In 1986 we sold 10 which was a record." According to Keith, there are now about 300 business helicopters flying in Britain compared with about 200 two years ago.

Whether a corporation opts for a helicopter or a plane depends on how far executives need to travel and how often. "Bear in mind that the helicopter provides one unique facility, the ability to take off and land vertically. If you do not require that, then the helicopter is useless to you because of its high operating cost," Keith says. "Sensibly, planes will be used for long distances, helicopters up to 200 miles. That includes Paris, Brussels, Antwerp, Leeds, Dublin, which are all about an hour and a quarter from here. If you need regularly to go farther than that, then perhaps you need a plane, unless having got there, the places you need to visit are very close together."

Unless a helicopter is needed for more than 300 hours a year, it makes sense to charter a helicopter rather than buy one. From McAlpine, this costs £450 an hour for a Twin Squirrel and £750 for a Dauphin. ■

*Brighton beach and pier: "A beach that nature intended for walking on in sturdy shoes, breathing in the bracing air."*

# Mass Melancholia in British Pleasure

Part of it may be that the concept of public pleasure is still considered a bit lower-class in England. If you can afford it, you enjoy your public pleasures privately: members only. (Transferred to Anglo-Saxon America, this means that public pleasure is a Mass Concept. The masses at pleasure in the United States are as hemmed in as protected elephants in a nature park. In the United States the good spots themselves tend to be private, be they beaches, mountains, or whole islands).

Enough generalizing. Take Brighton, which is as typical as you can get for such a resort, one that is near a big city. Brighton is as close as the sea gets to a Londoner unless he's ready for a dip in the Thames estuary. But it is far enough, 50 miles (80 kilometers), to have become a real town and not some sort

of Coney Island. Its resort history is impressively long: It was here in

*"In the summer, swarming with folks."*

cent was using it for his Petronius-style entertainments. The present queen has lent back most of the original lamps, chairs, and tables. In our age of nostalgia, and of respect for real craftsmanship (no matter how ugly its end product), the Royal Pavilion has quite regained its glamour. It is what brings in the holidaymakers (a terrible word but that is what they call them here), that, and the last remaining of the three piers, and, of course, the beach and the sea.

On a summer day, all those are swarming with folks. The beach is pebbly, but so is Cannes and Nice, it is wide, and it faces a clean sea, as seas go these days. Still and all, I cannot help feeling it is a beach that nature intended for walking on, in sturdy shoes, breathing in the

bracing air. It is a very neat beach with somewhat spartan walled lawns and concrete "conveniences." It tries for a sensual image (my official brochure portrays not less than three necking couples), and there is even a nudist that is nudist, stretch; but the word "healthy" seems more appropriate than "sensual."

On the pier, people take potshots at a wooden otter in the rifle stand and when they hit it, the animal pees on them (water, I hasten to add). On the upmarket side of the pleasure is the new Fun Bar of the Grand Hotel, with a capital F. The Grand, redecorated, looks beauti-

ful, but I lack the will to investigate what a Fun Bar may be like.

All this isn't serious and yet, melancholically, much too damn seri-

ons. It is hard work. When the day finally ends, and that takes a long time in summer at 50 degrees 30 minutes north latitude, day trippers leave and natives stay on with routine sighs of relief.

But now, in the middle of the Atlantic winter, Brighton is something else again. Now it takes its revenge on those exotic places which themselves sink into bottomless melancholy at the end of their "season" (think of Brigitte Bardot's "Fin de l'Été"). Now the holiday makers blend in with the native, and the moment the words "resort" and "pleasure" can be dropped, Brighton becomes simply a small English town under a spectacular sky facing a spectacular sea.

Within the new breathing space in the streets — made roomy by the winter rains — you see fine bits of 18th-century architecture from the vantage points they need. Regency Square turns out to be a low U-shape of lovely 1800s houses. The Old Steine, pronounced steen, is not a parking lot for tour buses and ice cream wagons but a triangular conflux of streets on which the Royal Pavilion more or less faces the sea. In the regent's day, the Steine was the field where the fishermen dried and mended their nets. Now that the tour guides no longer invite you to think away the houses and the traffic, the Steine is a real town square.

On a December day, when darkness shortly after 3 p.m. paved a mosaic of lights of the carriages and the shop windows. The Royal Pavilion and the Dome Theatre, one the regent's stables, loomed with softened outlines in the uncertain light and began to fit in. In the bare trees of the square, thousands of starlings twitter and take off at a mysterious signal to circle over the presence-Kingdom of the place. The pastures of our time and you don't regard it only with regret that it has pushed away nature and the fishermen's field. Overhead, the high wind from the Channel chases the clouds. When you cross the street to look out over the waves, you see just under the threatening sky, with a moon, a few stars, a few stars between two downpour, the sea is Homerically wine-colored.

*Hans Koning's new book about the year 1968 will be published by W.W. Norton in September 1987.*

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# Piquant Tale of Madame Jacques

**F**ORT-DE-FRANCE, Martinique — Nobody seems to remember who Madame Jacques was, but her rear end has been immortalized in one of the great cuisines of the Americas.

*La queue de Madame Jacques* is the Martiniquaise name for a bulbous indigenous pepper that will burn your ears off with one bite. No Antillean chef would be without it. But in spite of this taste for the piquant to the point of torture, the word *sublime* keeps coming to mind when describing the food.

Cuisine in the Caribbean, like the people, is a blend of India, Africa, Europe and native America. This is true everywhere and the ratios in the blend account for more of a difference from one island to another than any other factor. In gastronomic terms, these four strains are nowhere blended more gracefully than in Martinique.

Of course they are not always blended. Martinique is a *département* of France. And just as the people speak both French and Creole (an African and French Caribbean language) so there is French food and Creole food.

garlic and lime juice are added and the fish is served in its broth.

The dish is light and simple, made from the garden staples of Martinique. There is no butter, no oil, no fat, just a concentrated essence of natural flavors. A popular variation on this, and a personal nomination for the greatest dish in the Caribbees, is *blaff d'oursin*. The oursin, delicate café-au-lait colored meat from white sea urchins, is prepared like a fish blaff and the combination of rich seasoning, the fine flavor of the urchin and the burning pepper is a perfect example of that odd sensation — a peppery hot dish that is also subtle.

Everything has to have that pepper in it. If it doesn't make you cry it's not Martini-quaïse. "If there is not pepper in the dish, it lacks charm," said Julot Ichelmann, owner of a small very Creole seafood restaurant in the resort town of Vauclîn.

There are lobsters, shrimp and both land and sea crabs. The land crabs live a soft life before their final demise, kept in cages on a diet of bananas, corn and sweet potatoes.

Like in all of the islands, conch, known by the Creole word *lambi*, is a staple food. Lambi is a tough strip of muscle with a taste so distinct and delicious that it is worth a

seasoned with lime and pepper. There are lot of variations on this dish but the lamb always ends up tender and carefully blended with other flavors.

*Chatrou* is a small octopus that is cleaned in lime juice and marinated in rum and cooked with herbs. Traditionally it is served on top of red beans, which are placed on bed of rice.

Cassava flour is one of the indigenous elements of creole cooking. The native Indians of the region, the Caribs, were using this root when Columbus arrived. It is toxic and the extracted the juice to use as poison. The remainder of the root is safe and is ground into a flour used for bread and cooking throughout the Caribbean.

In Martinique, blood sausages — *boudin noir* — are made by blending the blood with herbs and cassava flour. Unlike in Europe, blood sausages here are always boiled, never grilled.

Turtle is also essential to Martinique cooking and like lambi, it takes a lot of preparation. The best steaks of the turtle resemble mediocre beef and the fins are gelatinous and bony.

DM - Deutsche Mark; BF - Belgium Francs; FL - Dutch Florin; LF - Luxembourg Francs; ECU - European Currency Unit; SF - Swiss Francs; g - asked; + - Offer Prices; b - bid change; +/- \$/100 price movement; N.A. - Not Available; N.C. - Not Communicated; g - New; s - suspended; B - Stock Split; + - New York - Gernsma Index December 9; - - - - - Estimated Price E-Coupon; - - - - - Formerly Worldwide Fund Ltd; @ - Offer Price Ind. 3% premium charge; + - daily stock price as on Amsterdam Stock Exchange

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*Mark Kurlansky is a Miami-based journalist*



## TRAVEL

# Western Australia, Sailing Into Gentrification

Perth and Fremantle have left behind their  
glorifying Matilda days.



Ghost town on Indian-Pacific rail line, and (above right) the Pinnacles in Nambung National Park.

by Stewart McBride

**F**REMANTLE, Australia — On the night of Sept. 26, 1983, the America's Cup was ceremoniously unbolted from its pedestal at the New York Yacht Club, where it had perched for 32 years. The boisterous Australian millionaire Alan Bond and his yacht Australia II had taken the cup from the Americans in Newport and carried it halfway around the globe to his Royal Perth Yacht Club, where it has stood since, swaddled in red velvet behind bulletproof glass.

For the last three months a record 13 challenging 12-meter-yacht syndicates from six nations have competed in hundreds of elimination races in the treacherous strip of the Indian Ocean off Perth. In the semifinals, four survivors are competing to challenge Australia beginning Jan. 31 in the best of seven America's Cup races.

This has already lured to Western Australia an international press corps of more than 1,800 and \$1.8 billion in tourist-related investment capital. Qantas, Australia's national airline, has confirmed 12,000 North American bookings for the cup and is likely to increase its flights between Sydney and Perth during the final month of racing. Thus far the Western Australian Tourist Commission expects 1.3 million visitors, nearly twice as many as normally visit Perth in the same five-month period.

Perth, an English settlement founded in 1827 (just 24 years before the America's Cup races began), was once British to the mites. Today, however, it resembles California more than Cornwall: pristine surfing beaches, water sprinklers on suburban front lawns, neon signs, tacky shopping malls. Americans have gone so far as to dub Perth "San Diego without the smog."

Perth, a prosperous sun-drenched metropolis of a million people, is a tiny island of civilization, sandwiched between the Indian Ocean and a red dust desert that makes the Mojave look mild. "Perth is a happy oasis clinging to the edge of Western Australia," said John Wagers, a fifth-generation resident and a member of the Royal Perth Yacht Club. His hometown is so remote that, the engineering professor says, "when I need spare machine parts I fly 3,000 miles to Sydney."

Western Australia is a state three times the size of Texas with one-tenth the population. It also happens to possess the world's largest alumina deposit, three-quarters of Australia's gold, and enormous iron, nickel and diamond resources. In this miners' paradise, Perth acts as a sprawling surveyor's office, a boom town with a high rate of millionaires per capita. International tycoons like Alan Bond and Robert Holmes & Court keep Beverly Hills-style mansions in Dalkeith, Peppermint Grove, Applecross — Perth's sumptuous suburbs overlooking the Swan River.

Twelve miles down the Swan River is Fremantle, a seaport of 23,000 inhabitants. From here the competing 12-meter yachts depart daily to sail the 24.1-mile (39-kilometer) America's Cup course. Fremantle has a frontier tradition and striking Victorian architecture — its low-profile gingerbread architecture, ornate turrets and wrought-iron verandas are legacies of 1890s gold rush in Kalgoorlie and Coolgardie. More than 150 buildings in Fremantle are registered by the National Trust of Australia, and during the America's Cup boom, Australia's best preserved Victorian town has spilled itself up to host a sporting event begun in the reign of Queen Victoria.

Perth and Fremantle have left behind their Waltzing Matilda days and are being

gentrified by chic restaurants, outdoor cafés, exclusive clubs and sky-high rents inflated for arriving "yuppies." Tourist officials say that Perth has more first-rank hotels and restaurants per capita than any city in Australia.

Everyone is getting into the restoration act from the Aga Khan to Ansett Airlines. The Aga Khan, who helped sponsor the Italian yacht Azura from his Yacht Club Costa Smeralda, has transformed a Victorian trade union hall into a swank Sardinian restaurant. Ansett Airlines, half-owned by the press magnate Rupert Murdoch, has converted an old fish cooperative into its Golden Keel Club for international businessmen who are served morning croissants and daily America's Cup briefings from John Bertrand, the retired skipper of the Australia II, the 1983 cup winner.

Despite all the effort to gussy up Fremantle, at times it still seems like a Mediterranean fishing village. The town is strewn with corner Italian grocery stores where one is more likely to find five different grades of olive oil than barbecue sauce. On Friday nights, Fremantle's South Terrace feels downright Neapolitan, with trattorias like Papa Luigi's and Gino's serving Italian specialties at sidewalk tables.

Some locals may fear the Italian working-class town they affectionately call "Freo" has become too much of an Australian Saint-Tropez, yet many overseas visitors, like California's Diana and Jim Jossie, have become genuine Fremantle boosters. Diana Jossie, who sailed here from San Francisco with her husband, Jim, says, "Fremantle is much more relaxed than Newport, and being here takes away all that Vanderbilt mystique surrounding the cup. Fremantle is the best thing that ever happened to yachting."

Stewart McBride is a Paris-based journalist.



Some of the America's Cup competitors, and (right) long-time residents.

## Investment Strategies & Opportunities on the Paris Stock Exchange

An International Conference Sponsored by  
International Herald Tribune & French Company Handbook  
Paris, February 9-10, 1987

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**FEBRUARY 9**  
09.15 NEW TECHNIQUES OF OPERATING ON THE PARIS BOURSE  
Xavier Dupont, President, Paris Stockbrokers Association, Partner, Dupont-Denart stockbrokerage firm.  
10.15 Coffee  
10.45 FRENCH INSTITUTIONAL INVESTOR PANEL: Industry Group Selections for Stock Market Performance in 1987. Panel participants: Crédit Agricole, Crédit Lyonnais, Groupe Victoire Société Générale.  
12.15 LATEST COMPANY DEVELOPMENTS  
12.45 LUNCH  
12.45 IS THERE A MEANINGFUL CHANGE IN NATIONAL ATTITUDES TOWARDS BUSINESS IN FRANCE? Guest speaker: David de Rothschild, Chairman, Rothschild & Associés Banque.  
14.45 FRENCH INSTITUTIONAL INVESTOR STRATEGY AND SELECTIONS ON THE PARIS BOURSE. Panel participants: AXA, Crédit Commercial de France, Crédit du Nord.  
16.45 LATEST COMPANY DEVELOPMENTS.  
16.45 OPPORTUNITIES IN FRENCH TECHNOLOGY. Jacques Malinvaud, General Manager of France's Industry Ministry, former Chairman and CEO of IBM World Trade Corp.  
17.30 Cocktails

**FEBRUARY 10**  
09.00 THE ECONOMIC OUTLOOK FOR FRANCE. Edouard Balladur, French Minister of Economy, Finance and Privatization.  
10.00 Coffee  
10.30 FRENCH FRANC, INTEREST RATE AND BOND MARKET PERSPECTIVES. Panel participants: Banque Indosuez, Banque Nationale de Paris, Crédit Industriel et Commercial, Group des Assurances Nationales.  
12.00 LATEST COMPANY DEVELOPMENTS  
12.30 Lunch  
14.15 THE DEREGULATION OF FRENCH INDUSTRY AND ITS IMPACT ON CORPORATE COMPETITIVENESS. Alain Madelin, French Minister of Industry, Postal/Telecommunications and Tourism.  
15.15 LATEST COMPANY DEVELOPMENTS  
15.45 FOREIGN INSTITUTIONAL INVESTOR SELECTIONS ON THE PARIS BOURSE. Panel moderator: Roger Hornett Head, European Division, James Capel & Co., London.

\*Major French companies giving short news bulletin presentations of their latest company developments will include: Béguin-Soy, Compagnie Générale d'Electricité, Compagnie Générale des Eaux, Compagnie La Hérin, Darty, Dorel de France, Seltzer Louis Vuitton, Rhône-Poulenc, The SSI Group, SOCOMA, Thomson-CSF, TOPL-Compagnie Française des Réseaux.

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## SHOPPING

# Treasure House of Geisha Combs

by Amanda Mayer Stinchecum

**K**YOTO, Japan — In the middle of the Gion District of Kyoto, the center of the city's geisha world, a narrow, three-story, tile-roofed building is wedged between coffee shops, boutiques, restaurants and souvenir shops.

Amid the street's conspicuous glamour stands Nijusanya, a tiny shop specializing in boxwood combs and ornaments used to style the sculptured hairdos (or wigs) worn by geishas and actors of the Kabuki stage. The store has been on Shijo-dori, Kyoto's Fifth Avenue, for more than 70 years.

Combs apparently made of bamboo are depicted on ancient clay tomb figures of the Jomon Period (up to 200 B.C.), and a large comb 1,200 years old, excavated from a palace site in Nara, the first permanent capital of Japan, is very similar to the shop's old signboard — a bowed comb a foot long (about 30 centimeters).

During the 18th century, combs were increasingly used as hair ornaments. They became objects of luxury, made not only of



times to rise. In the old days, says the shop manager, Isamu Kakie, every time a girl was born in Kagoshima, the family planted a boxwood tree. By the time she was of marriageable age, the tree was ready to be cut and made into combs for her trousseau.

The best boxwood is *kitsuge* (yellow boxwood), from Kagoshima Prefecture on the island of Kyushu. Once cut, the trees are left to dry for a year, then smoke-cured. The raw wood is much easier to carve, curing makes the wood harder. The warping that occurs during the drying and curing processes is corrected by clamping the pre-cut slabs of wood before cutting the teeth of the combs.

Every Japanese boxwood comb at Nijusanya is made by hand, each tooth hand-carved, requiring great skill to make the teeth straight and give them a smooth finish that will not damage the hair. Kakie was a comb maker for decades until the proprietor of Nijusanya promoted him to manager. He made the bamboo combs (now rarely made and no longer sold by Nijusanya) called *togushi*, consisting of two, back-to-back rows of dozens of extremely fine teeth. Togushi were used for cleaning the hair between infrequent washings, the fine teeth drawing grease and dust from the hair.

The word for comb, *kushi*, is associated with misfortune because, in addition to the numerical meaning of the syllables *ku* and *shi* (9 and 4), *ku* also means suffering and *shi* means death. It is considered bad luck to have a comb as a gift unless it is accompanied by money, to compensate the recipient for the bad luck he may receive with the comb. Few, if any, boxwood combs are now made in Kyoto; those sold at Nijusanya are made in Kazuoka, near Osaka. There are some 10 craftsmen there, the youngest still about 50 and most are closer to 70, according to Kakie. But in the mid-19th century as many as 200 workshops flour-

ished there, he said, able to support all their artisans solely by the manufacture of hand-made combs. Kushi *finja*, the comb shrine, in Kazuoka attests to the great number of people once involved.

The hair clasps (made of Thai boxwood because Japanese boxwood is too hard to carve into the sometimes intricate, traditional designs), in addition to being an elegant but easy way to hold hair together, are better than metal clips or rubber bands because they don't break the hair.

There are two basic comb shapes for everyday use — an elongated box used by women, and a short-handled style used by men. In medium sizes, these are about \$25. The larger women's combs can cost as much as \$40. Many of the long-handled combs in extreme shapes are for styling the elaborate hairdos and wigs of *geisha* and Kabuki actors. The styling combs are in the \$16 to \$20 range. Each comb made of Japanese boxwood is marked with the shop's crest; unmarked clasps of ornaments without the crest are Thai boxwood or camellia wood.

Hair clasps are made in dark-stained and natural Thai boxwood, beautifully finished to bring out the grain of the wood. The most elegant are the plain, undecorated ones in oval or rounded shapes (the largest of these cost about \$18.50). The more elaborately carved clasps, like those with curling vine scrolls, are \$32. The single-stemmed *kamzasshi*, or hairpins, are worn as ornaments in thick hair. A ginkgo leaf hairpin costs \$14 and an openwork bamboo hairpin is \$17.

Amanda Mayer Stinchecum, a specialist in Japanese textiles, is writing a guide to traditional Kyoto shops to be published by John Weatherhill in Tokyo.

wood or bamboo but also of tortoise shell and ivory, decorated with gold, silver and colored lacquers, precious metal inlays or mother-of-pearl.

After the Meiji Restoration of 1868, with the influx of Western influence and a simplification of Japanese dress, the elaborate combs of the preceding era gradually reverted to earlier types, the more simple utilitarian combs seen today in Nijusanya's display case.

Combs made of Japanese boxwood command higher prices than their imported counterparts — for example, boxwood from Thailand — which is not as strong. As Japanese boxwood becomes scarcer, its price con-











## BUSINESS ROUNDUP

## IBM, Merrill Abandon Joint Venture

By David E. Sanger

New York Times Service

NEW YORK — International Business Machines Corp. and Merrill Lynch &amp; Co. will end their joint venture to computerize the financial services industry.

The two companies said Wednesday that the action followed a "reassessment" of the financial feasibility of the venture, called International Marketnet.

The failure appeared to be a setback for both companies, which had staked millions of dollars on the highly publicized project.

Over the past two and a half years, executives of the venture, commonly known as Imnet, had predicted that the combination of IBM's technical prowess and Merrill Lynch's understanding of the needs of brokers and investors could lead ahead of competitors like Quotron Systems Inc., now a subsidiary of Citicorp.

Two years ago, Joseph P. Castellano, the head of the Imnet venture, said, "In five or six years we think the market for Marketnet could be as big as \$1 billion."

But on Wednesday, Imnet's 267 staff members were called to a meeting to learn of the termination. Executives of Merrill Lynch and IBM would not comment, and efforts to reach Mr. Castellano at home were unsuccessful.

In the past two years, Imnet discovered that few brokers agreed that Merrill Lynch was willing to pay the price for the company's services, which combine analytical

software and data bases accessible by satellite from central computers.

"It cost too much, and the market just evaporated," one Imnet official of the venture said. "Starting about the middle of last year, it became clear the whole idea was a disaster."

IBM and Merrill Lynch said the decision to end the project had been made "at the highest levels," presumably meaning it was approved by John F. Akers, IBM's chairman and chief executive, and William Schreyer, who holds the same title at Merrill Lynch.

The companies said the decision to close Imnet would have no significant effect on earnings for 1986 or 1987.

With Wednesday's announcement, Imnet joins a long list of home and office information services that have failed in recent years. Last month, CBS Inc. pulled out of Trintex, a failing videotex venture with IBM and Sears that was established at about the same time as Imnet.

In March, Knight-Ridder Inc., the newspaper publisher, abandoned its \$50 million videotex effort, intended to bring news, stock prices and shopping information to home computers. Times Mirror Co. and Centex Corp. also abandoned their offerings in southern California and Chicago.

But Imnet was developed for an audience of financial professionals and was intended to do much more than provide information.

With Merrill's own 500 branch

offices as the first customers, the system was considered a serious competitor of Quotron. Quotron's stock value plunged nearly 30 percent when IBM and Merrill first announced their plans.

But the only product that Imnet installed in volume was System 100, a program for analysis of equities that was never hooked to the Imnet network. A sophisticated portfolio-management system, intended for Merrill's offices and marketing to other brokers, it was being tested at the time the project was abandoned.

"The marketplace had not developed as we anticipated," said Traugott Keller, Imnet's director of communications. "As we began to install the system, we thought we would find a much more sympathetic marketplace. But to get wide acceptance, the pricing structure had to change dramatically, and that shrinks the margin."

Another Imnet official said a recent review of a study, started at IBM's instigation, had concluded that "the project would not be profitable for a long time, and might never be profitable at all."

The cancellation also appears to end a joint effort of Imnet and the Public Broadcasting System, which announced two years ago that it would send stock quotations and financial news to home subscribers over its television signal.

PBS officials, who had hoped the system would bring millions of dollars to the nonprofit broadcaster, were unavailable for comment.

## Esquire Sheds 3 Assets, Hearst Gets Magazine

New York Times Service

NEW YORK — Esquire, the monthly magazine that has been one of the publishing industry's greatest turnaround stories in recent years, has been bought by Hearst Corp. as part of the sale and breakup of Esquire's parent company, Esquire Magazine Group Inc.

In the overall transaction, American Express Publishing Corp. bought the Esquire group's six-month-old publication, New York Woman. White Communications of Knoxville, Tennessee, acquired its Esquire Health and Fitness Clinic, which publishes a billboard magazine for health clubs. Shareholders of Esquire Magazine Group will continue to own Esquire Press, its book publishing division, and Esquire Video.

Phillip Moffitt, editor in chief and president of the Esquire group, said financial terms would not be made public. Hearst owns several magazines oriented toward male readers, including Popular Mechanics and Boating and Sports Afield, but most of its magazines, including Town &amp; Country, Cosmopolitan and Harper's Bazaar, are aimed at women.

Esquire has a circulation of 700,000. Seventy percent of its readers are men, mainly aged between 25 and 44.

## Wednesday's OTC Prices

NASDAQ prices as of 4 p.m. New York time.  
Via The Associated Press

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## Trustee Savings Will Sue U.K. Over Tin Losses

Reuters

LONDON — Britain's Trustee Savings Bank said it would sue the government for an undisclosed sum over losses incurred in making loans to the International Tin Council.

The council, a federation of the world's leading tin producing and consuming countries, ran out of cash to continue its price-support operations in October 1985.

An official of Britain's Department of Trade and Industry said Tuesday that writs totaling just over £15 million (\$22 million) were served on it before Christmas by Australia &amp; New Zealand Banking Group, Kleinwort Benson and Arbuthnot Latham.

But he said the government, one of 22 tin council members, did not accept liability for the council's losses.

Legal and banking sources said other banks that had also extended credit to the council would take similar action.

## Canada's Mining Outlook Improves

By Russell Blinich

Reuters

OTTAWA — Canada's huge mining industry, now emerging from a long and painful restructuring, is expected to take tentative steps towards recovery in 1987, mining analysts say.

But they add that optimism is tempered by the uncertain outlook for metal prices, especially nickel.

"I'm cautiously bullish," said Geoffrey Carter of Midland Doherty Ltd. "I think we are going to see a bit of a rebound in prices in the second quarter" of 1987.

The analysts felt that after more than half a decade of slashing costs and employment rolls, the country's big mining companies had become lean, efficient producers.

A couple of years ago people were looking for metals to recover and things to go back to where they were in the old days," commented Robert Younker, an analyst with Nesbitt Thomson Deacon Inc.

But I think most companies have given up on that. They are restructuring financially to accommodate current metal prices for the indefinite future.

Canada, the world's largest exporter of minerals, is home to some of the world's largest mining concerns, including Inco Ltd., the West's largest nickel producer; Falconbridge Ltd., a nickel and copper giant; and Noranda Inc., a mining and forestry conglomerate.

The industry has struggled to recover from the sharp 1981 downturn, when metal prices hit record or near-record lows.

The Mining Association of Canada estimates that industry employment has fallen to around 50,000 in 1985 from more than



Testing sound levels in an Inco mine in Sudbury, Ontario.

100,000 in 1981. Meanwhile, mining productivity has risen 40 percent in the same period.

Analysts said that only recently have some of the metals returned to an equilibrium between supply and demand. There is growing optimism toward gold, and, to a lesser extent, copper.

Because Canadian companies are now more efficient, small gains in metal prices next year could translate into healthy profits for a select group of companies.

Noranda is expected to lead the upturn, largely because of its interest in the huge Hemlo gold find in northern Ontario and its large forestry operations. At Richardson Greenshields of Canada Ltd., a mining analyst, Ray Goldie, predicted that Noranda's profit would

jump to 1 Canadian dollar (72 U.S. cents) a share in 1987, from an estimated profit of 15 Canadian cents a share in 1986.

In the first nine months of 1986, Noranda earned \$2.9 million dollars, or 16 cents a share, on revenue of \$65 billion dollars.

"We've got nice improvement in profit for Noranda this year, but half of that will come from the forestry side," Mr. Goldie said.

The outlook remains uncertain for Inco, despite its reputation as the world's most efficient nickel producer.

Analysts believe that Inco, which is expected to report a small loss for 1986, may be profitable this year because of stronger copper prices and steady production of high-priced platinum.

Noting that that was the difference in value between his offer for the company and Unocal's plan, "He's a guy who's long past retirement age who ought to retire."

Mr. Hart







